



Daily Report

East Asia

FBIS-EAS-95-101
Thursday
25 May 1995

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Japan

Tokyo Not To Join U.S. Embargo on Iran

OW2505102295 Tokyo KYODO in English
1003 GMT 25 May 95

[FBIS Transcribed Text] Tokyo, May 25 KYODO — Japan will not follow U.S. requests to join its trade embargo against Iran and will convey the answer to Washington before the annual summit of the Group of Seven (G-7) major industrial countries convenes in Halifax, Canada, next month, a senior Foreign Ministry official said Thursday [25 May].

The official said Japan cannot side the United States because the embargo was unilaterally decided by Washington, without being based on an international consensus such as a resolution of the UN Security Council.

The official also said other industrial nations are not likely to follow the U.S. and the embargo may have an adverse effect because it could harden the attitude of Iranian moderates.

When Japan and Iran held a vice ministerial meeting in Tokyo on May 15, Tokyo told Tehran it is prepared to mediate in dialogue between Iran and the U.S., while pointing out that relations between Tehran and Washington need to be improved, the official said.

The U.S. announced the embargo in early May in response to Iran's alleged support of international terrorism, prohibiting trade with Iran as well as trade financing, loans and related financial services.

Outlook 'Dim' for Early Solution to Auto Talks

OW2505115695 Tokyo KYODO in English
1100 GMT 25 May 95

[FBIS Transcribed Text] Tokyo, May 25 — Japan and the United States are set to resume their fractious auto trade fight, this time with a referee in the ring, but prospects appear dim for an early knockout by either side.

Japanese officials indicated Thursday [25 May] they want to watch the U.S. process leading toward threatened sanctions, predicting the issue will not be solved by a mid-June bilateral summit.

The Americans were also apparently biding their time, perhaps hoping to use the sanctions threat and recent flare-ups over seat belts, airline rights and the photographic film market to shake Tokyo from its firm denial of U.S. demands.

Bilateral talks at the World Trade Organization (WTO) in Geneva will begin as soon as Monday, U.S. Government sources said in Washington, but a top Japanese

trade official said Japan has received no response to its request for swift bilateral discussions.

As things stand, a senior Foreign Ministry official said, "there will not be an agreement by the Japan-U.S. Summit" on June 15. "It won't be a big issue at the bilateral summit."

The talks will not include unofficial U.S. demands for Japanese automakers to boost their purchases of foreign parts — the issue that scuttled the talks on May 5 — and initially will not cover such other central issues as expanding Japanese dealer networks that handle foreign cars, officials said.

Rather, the early talks will provide yet another venue for the two sides to make their points publicly, allowing negotiators a chance to grope for a breakthrough, they said.

That search, however, appears as difficult as ever.

"If the U.S. side does not withdraw their use of section 301 (sanctions provisions of the 1974 U.S. Trade Law), we can't have any talks about the real issues," said a Ministry of International Trade and Industry (MITI) official.

Under WTO rules, if both sides do not agree within 60 days of Japan's May 17 lodging of its WTO complaint, the issue goes to a dispute settlement panel. Before that is the U.S. June 28 deadline for the sanctions to take effect, retroactive to last Saturday.

Japan wants to wait for June 8 and 9 public hearings in the U.S. on the proposed sanctions to see how the issue develops and to seek to confirm its view that the sanctions violate WTO rules calling for multilateral trade actions, officials said.

The U.S. is expected to use the looming sanctions to pressure Japan into a compromise.

Tokyo recognizes that its threat of countersanctions against Washington undercuts its own argument, with MITI Vice Minister for International Affairs Yoshihiro Sakamoto acknowledging recently that the Japanese threat would also break WTO rules.

Japanese officials are also bracing for U.S. officials to use such issues as the threat of mutual sanctions over an aviation dispute, in which talks Tuesday failed to narrow gaps on airline rights to extend flights stopping in each other's country.

Other possible weapons are a request last week by Eastman Kodak Co. that the U.S. investigate alleged Japanese exclusion of foreign film and photo paper competitors and the voluntary recall by U.S. and Japanese automakers of seatbelts made by Japan's Takata Corp.

Rupture in Civil Aviation Talks With U.S.*OW2505083495 Tokyo KYODO in English
0817 GMT 25 May 95*

[FBIS Transcribed Text] Tokyo, May 25 KYODO — Japan is considering countersanctions if the U.S. administration takes retaliatory action against Japanese airlines following a rupture in bilateral civil aviation negotiations, a senior Japanese Government official said Thursday [25 May].

Michihiko Matsuo, vice transport minister, told a news conference that requests by the United States for expanded rights to offer flights in the Asian market via Japan are "excessive and too large," compared with Japan's request to launch one new cargo route from Japan to the U.S.

The talks, which resumed Tuesday in Washington after about one and a half years, deadlocked over the rights of U.S. airlines serving Japan to fly on to third countries.

A senior official at the Transport Ministry, who asked not to be identified, said, "channels for the negotiations are completely open. If Washington takes sanctions against Japanese airlines, Japan will take counter-sanctions against the U.S."

Matsuo said U.S. negotiators have presented a new proposal that would allow Federal Express to fly to Cebu in the Philippines via the new Tokyo International Airport at Narita, Chiba Prefecture.

The U.S. earlier handed Japan a proposal to permit Federal Express and United Airlines to fly into Osaka's new airport to pick up passengers or cargo for other destinations in Asia.

In the Tuesday talks, Japan rejected the calls, claiming a current bilateral aviation pact is "unilaterally favorable" to the U.S. side and needs a "wholesale review."

Amid the failed talks, Washington has started studying retaliatory sanctions against Tokyo, including curbing flights by Japanese carriers to the U.S., aviation sources in Washington said.

"Our allegations are reasonable enough. We have already started work on countermeasures against U.S. sanctions. If Washington cuts Japanese airlines' flights to the U.S., Japan is ready to take similar steps for those of U.S. airlines," Matsuo said.

'Source': Semiconductor Accord Threatened*OW2505142695 Tokyo MAINICHI SHIMBUN
in Japanese 25 May 95 Morning Edition p 3*

[FBIS Translated Text] As a countermeasure to deal with the list of Japanese products on which the United

States may levy sanctions over the auto issue, the Japanese Government has begun to study the possibility of informing the United States that Japan will reject renewal of the Japan-U.S. semiconductor accord which will expire at the end of July, 1996. This was disclosed on 24 May by a source at the Ministry of International Trade and Industry [MITI].

The semiconductor accord stipulates "20 percent of the market share for foreign semiconductors in Japan." But the government, by refusing to renew the accord, could evade possible U.S. demands for a further increase of the target share. At the same time, it seems the move is also designed to confirm the Japanese Government's stand of rejecting numerical targets.

As a countermeasure, MITI initially studied the possibility of increasing tariffs on imported U.S. products. MITI started its study aimed at increasing tariffs — which are actually less than the tariff concession rates — up to the tariff concession rates. However, there were many difficulties because, among other things, Japan, at the new multilateral trade negotiations, reduced most of its tariff concession rates to zero percent.

The average market share for foreign semiconductors in Japan was about 23 percent in 1994. It exceeded the target figure. In addition, it is "likely that a little over 20 percent of the semiconductors used in Japan will continue to be foreign-made" (according to electrical goods industrial circles). The semiconductor accord itself is becoming less meaningful.

Since the U.S. Government wants to keep the accord, however, it is possible that the United States may demand that Japan, at the Japan-U.S. meeting scheduled to begin as early as the end of this year, increase the target share.

Muto Urges Deregulation for Auto Disputes*OW2505125895 Tokyo NIHON KEIZAI SHIMBUN
in Japanese 25 May 95 Morning Edition p 5*

[FBIS Translated Text] Kabun Muto, chairman of the General Council of the Liberal Democratic Party, has indicated his concern that the Japan-U.S. auto dispute could aggravate bilateral relations. Speaking at a meeting of his policy group "New Future Study Council" [shin mirai kenkyukai] on 24 May, Muto pointed out: "I think that Japan will definitely win at the World Trade Organization [WTO], but if the WTO rules in favor of our claim, the United States may say it will withdraw from the trade body." He added: "We must implement drastic deregulation that could lead to an open Japanese market," and called for Japan's active efforts to seek a breakthrough in the auto dispute.

Murayama Welcomes OECD Joint Statement

OW2505130195 Tokyo KYODO in English
1245 GMT 25 May 95

[FBIS Transcribed Text] Tokyo, May 25 KYODO — Prime Minister Tomiichi Murayama welcomed a joint statement issued Wednesday at the ministerial meeting of the Organization for Economic Cooperation and Development (OECD), International Trade and Industry Minister Ryutaro Hashimoto said Thursday [25 May].

The prime minister showed his reaction because the statement included calls for strengthening the functions of the World Trade Organization (WTO) and opposition to protectionism, Hashimoto said.

Hashimoto, together with Foreign Minister Yohei Kono and Economic Planning Agency Chief Masahiko Komura, met Murayama upon their return home from the OECD meeting held Tuesday and Wednesday in Paris amid controversy over a U.S. plan to impose auto trade sanctions on Japan.

After the meeting with Murayama, Hashimoto said Japan should step up preparations, including the collection of new data, as Washington is staging a "rollback" in the bilateral auto trade dispute.

Igarashi Pleased With Support at OECD Forum

OW2505112495 Tokyo KYODO in English
1022 GMT 25 May 95

[FBIS Transcribed Text] Tokyo, May 25 KYODO — Developed nations backed off from endorsing Japan's criticism of the United States in their bilateral auto trade row in a communique closing a global economic conference, top government spokesman Kozo Igarashi said Thursday [25 May].

Apart from Wednesday's formal communique that ended the Organization for Economic Cooperation and Development (OECD) conference, "Japan's assertions were well reflected" at the two-day Paris gathering, the chief cabinet secretary said.

"There was a draft that everyone except the United States agreed on," Igarashi told a news conference.

He was referring to the final draft that included a denunciation, cut at the last moment, of actions that break rules of the World Trade Organization (WTO).

Japan maintains that threatened U.S. sanctions worth 5.9 billion dollars on Japanese luxury cars "clearly violate" WTO rules as unilateral measures.

Mentioning the fierce U.S. resistance to the indirect swipe, Igarashi said "U.S. understanding could not be

obtained" and the final version was more "cooperative" than the draft.

The auto talks, which collapsed May 5 when neither side would budge on U.S. insistence that Japanese automakers buy more foreign parts, "will proceed in accordance with WTO rules," Igarashi said, expressing hope that "the U.S. will understand the situation better and cooperate."

Japanese Government ministers and their lieutenants blitzed the 25-nation gathering to lobby against the U.S. move and argue that Japan's auto and auto parts market is not closed.

European officials publicly agreed with the U.S. that Japan keeps foreigners out but also slammed Washington for its unilateral move.

U.S. sources said they expect talks at the WTO in Geneva to begin Monday, but a top trade official said Japan has not received a U.S. response to its request for negotiations to begin quickly.

The Japan-supported final draft of the OECD communique vowed to "avoid any measure inconsistent with the rules of the WTO, comply with and use the WTO multilateral dispute settlement system and avoid actions which hamper or weaken it."

But the final document was weakened to a commitment to "ensure a strong and effective WTO with a well-functioning and respected dispute settlement system."

Hashimoto Says OECD Opposes U.S. Sanctions

OW2505012895 Tokyo KYODO in English
0111 GMT 25 May 95

[FBIS Transcribed Text] Paris, May 24 KYODO — Japanese Trade Minister Ryutaro Hashimoto said Wednesday he interprets the just-issued communique of the Organization for Economic Cooperation and Development (OECD) as opposing possible U.S. auto trade sanctions against Japan.

"The communique adopted (by 25 OECD members) has demonstrated the firm stance of opposing the unilateral sanctions measures," International Trade and Industry Minister Hashimoto told a news conference.

He said that, despite the fact the communique did not carry Japanese-proposed wording, he interprets it as backing for Japan's opposition to the possible U.S. imposition of 100 percent import duty on Japanese luxury cars.

Japan had called for the communique to say the OECD "opposes the unilateral sanctions measures," but the

United States put up strong resistance to this, Japanese officials earlier said.

The news conference was called here shortly after the ministers of the OECD member states wrapped up their conference with the joint communique on various trade, currency and economic policy issues.

Foreign Minister Yohei Kono, who attended the news conference, rejected suggestions that the intensifying Japan-U.S. auto trade squabbles could undermine their overall bilateral relations.

"The Japan-U.S. relations are not so shallow as to be damaged by the automobile trade problem," Kono said.

The final draft of the communique, discussed at the preparatory stages of negotiations among OECD members, did include the wording that no country is allowed to take unilateral sanctions that would contravene the rules of the World Trade Organization (WTO), a Japanese delegation source said.

However, the wording was deleted when the final communique was compiled, as Washington opposed the wording's insertion, the source said.

No U.S. cabinet minister showed up when the OECD ministers met to decide on the wording of the communique's final text, the source said, adding that working-level U.S. officials represented the country at the final stage.

Tsutsumi: OECD Expresses 'Grave Concern' on Sanctions

*OW2505063995 Tokyo KYODO in English
0620 GMT 25 May 95*

[FBIS Transcribed Text] Tokyo, May 25 KYODO — Japan is pleased to have gotten the "understanding" of other industrial nations on its trade row with the United States even though it could not persuade them to criticize threatened U.S. sanctions, the top trade bureaucrat said Thursday [25 May].

"Process is more important than the result," Vice Trade Minister Tomio Tsutsumi said of the Organization for Economic Cooperation and Development (OECD) ministers' meeting that failed to include Japan's criticism of the U.S. in a communique.

The communique issued Wednesday at the end of the two-day Paris meeting was the result of a "consensus system," meaning that even a single country's opposition could scuttle controversial language, Tsutsumi told a regular news conference.

With MITI chief Ryutaro Hashimoto meeting about 10 counterparts and other MITI representatives meeting another 30 officials in Paris, Japan made its case and

"deepened understanding" for its auto-trade position, Tsutsumi said.

European officials publicly tended to back the U.S. position that Japan's markets remain closed but to criticize its threat of trade sanctions.

Japan tried to get the OECD ministers to denounce "unilateral measures" as a violation of World Trade Organization (WTO) rules, and the last communique draft vowed to "avoid any measure inconsistent with the rules of the WTO, comply with and use the WTO multilateral dispute settlement system and avoid actions which hamper or weaken it."

But U.S. opposition watered the final wording down to a commitment to "ensure a strong and effective WTO with a well-functioning and respected dispute settlement system."

Nonetheless, Tsutsumi said, other OECD members expressed "grave concern" about "numerical targets and managed trade" — Japan's term for unofficial U.S. demands that Japanese automakers boost their purchases of foreign parts.

The No. 2 MITI official also said most of the 25 OECD countries agreed it is "wise" to discuss the bilateral auto dispute in the open at the Geneva-based WTO. But noting concerns that the fledgling trade referee might be overwhelmed by the dispute between the world's two biggest economies, Tsutsumi said some OECD members fretted that "the burden might be too heavy."

Although U.S. sources say Washington plans to start talks with Japan at the WTO on Monday, Tsutsumi said Japan has received no formal reply from the U.S. on its request to begin quickly.

Keating Comments on Trade Dispute, Deregulation

Urges To Solve Dispute Via APEC

*OW2505134095 Tokyo KYODO in English
1042 GMT 25 May 95*

[FBIS Transcribed Text] Tokyo, May 25 KYODO — Australian Prime Minister Paul Keating said Thursday [25 May] that the trade dispute between Japan and the United States, if allowed to become prolonged, could jeopardize the political and security structure of the Asia-Pacific region.

Keating made the comment in a speech to students and staff at Tokyo's Keio University, where he was awarded an honorary degree. The private university is one of the oldest in Japan.

Referring to the current trade dispute, in which the U.S. has threatened to impose 100 percent punitive tariffs

on Japanese luxury cars, Keating said smaller trading countries like Australia "stand to get caught in the crossfire."

"Quite simply, no one can afford to allow bilateral trading differences between these key Asia-Pacific partners to jeopardize any part of the political and security structure of our region or to imperil the sense of regional community which is now emerging," Keating said.

Keating, who received the honorary award for his efforts to engage Australia more closely with the Asia-Pacific region, including as one of the leading instigators of the Asia-Pacific Economic Cooperation (APEC) forum, urged Japan and the U.S. to discuss their trade differences through APEC.

"APEC provides a means for Japan to manage its trade problems with the United States in a way which will strengthen the international trading system," Keating said.

"In a period when there seems to be no enthusiasm in Europe or the United States for further global trade liberalization, APEC is the only body in the world which can act as a catalyst for a new global round."

Keating restated his support for Japan's bid to gain a permanent seat on the UN Security Council, urging Japan to open its markets and import more rice from Australia. He also dealt out advice to Japanese political leaders on "political accountability."

Keating arrived in Tokyo on Wednesday for a five-day visit for talks with Japanese leaders.

Earlier Thursday, he attended an official welcoming ceremony at the Akasaka Palace State Guesthouse and a luncheon with members of six Japanese business organizations.

He will meet Prime Minister Tomiichi Murayama on Friday to discuss bilateral and international affairs. He will also meet International Trade and Industry Minister Ryutaro Hashimoto on Friday and Foreign Minister Yohei Kono on Saturday before heading home Sunday morning.

Keating has informally visited Japan twice since he took office as prime minister in December 1991.

Asks Tokyo for More Deregulation

OW2505092295 Tokyo KYODO in English
0849 GMT 25 May 95

[FBIS Transcribed Text] Tokyo, May 25 KYODO — Australian Prime Minister Paul Keating on Thursday [25 May] urged Japan to implement thorough economic reform and deregulation.

Keating, who arrived in Tokyo on Wednesday evening, will meet Prime Minister Tomiichi Murayama during his five-day stay in Japan to discuss bilateral and international affairs.

He said, "In Australia's view, (Japan's) reforms have not yet gone far enough. But we are convinced progressive implementation of reform will be a powerful catalyst to free dynamic forces in the economy."

With deregulations Japanese consumers will also benefit, Keating said, adding, "reflecting a smaller trade and current account imbalance brought about by higher levels of imports and domestic consumption, the yen's value will fall."

Keating made the remarks at a speech at a lunch meeting of Japanese business leaders.

Regarding what Australia can bring to the partnership with Japan, Keating said the nation, one of the industrialized world's 10 largest economies, is a country rich in natural and human resources and commitment [as received] over decades to partnership with Japan.

"We expect more and more Japanese companies," Keating said, adding Australia has slashed tariffs, floated its currency, deregulated financial markets, eliminated imported quotas and liberalized foreign investment guidelines in all sectors.

Official Comments on Li Teng-hui's U.S. Visit

OW2505080495 Tokyo NIHON KEIZAI SHIMBUN
in Japanese 25 May 95 Morning Edition p 2

[FBIS Translated Text] A top official of the Ministry of Foreign Affairs on 24 May commented on the U.S. official decision to accept Taiwan's President Li Teng-hui's private visit to the United States. He said: "It is likely that China's ties with Taiwan will become tense. If that happens, Japan will face various difficulties." In this way, the official for the first time revealed his view that the U.S. decision will inevitably impact on Japan's policies toward China and Taiwan.

Tokyo To Help Build Asian Nuclear Power Plants

OW2505044795 Tokyo NIHON KEIZAI SHIMBUN
in Japanese 21 May 95 Morning Edition p 1

[FBIS Translated Text] The Ministry of International Trade and Industry [MITI] and the Natural Resources and Energy Agency [NREA] are to extend technological assistance to Asian nations planning to build nuclear power plants. In concrete terms, MITI and NREA will study the possible transfer of Japanese nuclear safety technology and promote the export of materials needed for nuclear power plants. In a bid to ascertain the needs

of Asian nations, MITI on 2 May plans to send to China and Indonesia, among other nations, a survey mission composed of members of the Nuclear Energy Division of the Advisory Committee for Energy, an advisory organ to the MITI minister. Following that, the advisory committee will work out a proposal as early as by the end of June and announce a plan to help Asian nations develop nuclear power plants at the Asia-Pacific Economic Cooperation (APEC) forum scheduled to be held in Osaka in November.

The government plans also to set up a special committee within the Atomic Energy Commission [AEC] (with Director-General of the Science and Technology Agency Makiko Tanaka as chairman). To prevent nuclear proliferation in the wake of any transfer of Japanese nuclear technology, the committee will study the conditions under which Asian countries can receive companies' nuclear technology without it leading to nuclear proliferation.

Meanwhile, MITI plans to work out a framework for the transfer of nuclear energy technology, while also keeping eye on discussions in AEC's special committee.

MITI's assistance plan includes guidance on establishing regulations designed to ensure safety and operating plants, particularly how to control a reactor core. Moreover, to promote technological cooperation, MITI will help export the materials needed to develop nuclear power plants because it is much easier to transfer nuclear technology when the materials, equipment, and plants are Japanese-made.

To promote smooth technological cooperation, it is necessary to provide opportunities for Japanese companies to be directly involved in the export of materials needed for nuclear plants and to take part in construction projects. To that end, MITI is considering applying trade insurance to Japanese commercial participation in the construction of nuclear plants if a company offers to participate.

Editorial on PRC's Continued Nuclear Testing

OW2505102595 Tokyo NIHON KEIZAI SHIMBUN in Japanese 23 May 95 Morning Edition p 2

[Editorial: "Intensified Protest Against China"]

[FBIS Translated Text] Tokyo has decided to reduce its financial aid to China to show its disapproval of Beijing's continued nuclear testing, which runs counter to Japan's guidelines in extending official development assistance (ODA). There is growing criticism of China in the international community because the country recently conducted a nuclear test just a few days after the nuclear Nonproliferation Treaty was extended

indefinitely. Beijing should seriously consider why Japan has intensified its protest against the country's nuclear testing.

On 15 May, China conducted its 42d underground nuclear test. It was also the first nuclear experiment in seven months. Since last year, it has repeatedly carried out nuclear testing in defiance of international criticism, claiming: "The United States has conducted 1,000 nuclear tests and the former Soviet Union 700 or 800 tests. They also possess a large number of nuclear weapons."

Being concerned about the situation in which the United States and Russia hold a dominant position over China in the number and performance of nuclear arms, Beijing asserts it is unfair that only China is criticized for its nuclear testing. China is calling on other countries to conclude the Comprehensive Nuclear Test Ban Treaty by 1996. Until then, the country may repeatedly conduct nuclear tests to raise its status as a nuclear state.

China's assertion may have some meaning among nuclear powers. However, considering that the nonnuclear states feel they are treated unfairly by the nuclear states, this sort of assertion incurs the wrath of nonnuclear countries. Beijing should fully understand why nonnuclear states are protesting against nuclear testing before rebutting criticism from nuclear states.

Japan is sensitive to nuclear issues. It is particularly nervous about China's nuclear testing. When Prime Minister Tomiichi Murayama visited China in early May, he expressed his concern over Beijing's nuclear tests. Although Tokyo has shown its displeasure at every opportunity, China has ignored it. It is true that more and more Japanese have become irritated with this situation.

Japan is a large donor nation for China. Its four ODA guidelines hammered out in 1991 stipulate that Japan should take into account the aid recipient's: 1) military spending; 2) development and production of mass-destruction weapons and missiles; 3) arms exports and imports; and 4) efforts for democratization, the introduction of market-oriented economy, and the protection of fundamental human rights.

Japan has provided a large number of yen loans to China, mainly to assist that country in promoting its shift toward a market economy. However, some government officials have felt the need to take into account China's nuclear testing and expanded military spending in providing loans.

The government has decided to cut its grants-in-aid to China (Japan granted China a total of 7.8 billion yen in fiscal 1994 for projects in agricultural, medical, environmental, and human resource development fields).

However, the size of the reduction will be limited and it will have only a symbolic meaning. We hope China will receive Japan's message in good faith so the reduction of grants-in-aid will not affect overall bilateral relations.

Tokyo To Announce Intra-APEC Trade at Osaka

OW2505061595 Tokyo SANKEI SHIMBUN
in Japanese 21 May 95 Morning Edition p 1

[FBIS Translated Text] At the Asia-Pacific Economic Cooperation forum (APEC) conference in Osaka in November, the Japanese Government will announce its decision to liberalize trade and investments by other APEC members by 2005. A government source said on 20 May that Japan plans to implement deregulation and market liberalization measures earlier than a goal set by APEC.

The Bogor Declaration, adopted at the 1994 APEC economic ministers' conference, clearly set the deadlines for APEC member nations' liberalization of intra-regional trade and investments at 2010 for advanced nations and 2020 for developing nations. As the APEC host nation for 1995, Japan intends to demonstrate its initiative in front-loading free trade and investments in the Asia-Pacific region to sweep away foreign criticism of "exclusionary practices of the Japanese market."

Definite measures for implementing the Bogor Declaration, issued at an informal summit in Indonesia last year, will be the main subject of the APEC Osaka conference. The government is preparing a draft action plan which includes: 1) a definition of and timetable for trade and investment liberalization; 2) measures for promoting trade and investment; 3) guidelines for development cooperation; and 4) a voluntary and consultative grievance mechanism.

While the United States is calling for early liberalization of intra-regional trade and investments, Malaysia and other ASEAN nations insist that a framework of multinational technological and economic cooperation should be established in APEC before market liberalization. There is still a great gap between the positions of the United States and those of Asian nations. Moreover, APEC members have not yet reached accord on whether benefits of liberalization should be given reciprocally or to all APEC members unconditionally.

APEC members hope Japan will fulfill the duties of the APEC host nation as "the mediator between Asia and the United States" (as noted by the government source). In this role, the government intends to accelerate trade and investment liberalization in APEC with economic cooperation programs for Asian nations in such fields as social infrastructure, energy, education, and aid to

smaller businesses. Also, the government considers Japan's drastic deregulation and market liberalization measures necessary to achieve the objective.

Details of the liberalization plan have not yet been determined because much difficulty is expected in reaching national consensus on such controversial issues as liberalization of farm product imports.

Editorial Discusses Trade White Paper

OW2505004795 Tokyo MAINICHI SHIMBUN
in Japanese 20 May 95 Morning Edition p 5

[Editorial: "Serious Efforts To Create an Environment Conducive for Competition Necessary"]

[FBIS Translated Text] The 1995 version of the "Trade White Paper" has been issued. This may seem out of place but the contents of the document remind one of an old "enka" [Japanese popular ballad] with the title "Hana to Cho" [Flowers and Butterflies].

The companies are the butterflies, and Japan, the flower. Amid the rapid internationalization of the economy, companies are crossing national borders and flying freely to more appealing countries and territories. Unattractive flowers stand to wither. The scenario is that flowers need to be enticing if butterflies are to come to them willingly.

According to the White Paper, Japan's imports increased sharply from fiscal 1993. Machine parts, in particular, increased dramatically. The import volume of machine parts in fiscal 1994 on a dollar basis increased by 57 percent over that in fiscal 1990. Geographically, China and other Asian countries took the lion's share.

On the other hand, exports of capital goods, particularly machine parts, have also grown tremendously. Most of them were bound for Asia and the United States. The White Paper's analysis is that trade in the form of imports of low value added parts for general usage from the Asian region and exports of high value added parts to Asia and the United States has been on the rise.

The document also points out that the import and export of parts is more evident in areas where Japanese companies have built factories and made other forms of direct investment. This shows that many companies have been strengthening their international division of labor.

Therefore, the White Paper emphasizes that: "Japanese trade and investment are closely intertwined, particularly in East Asia, and there has been a major change in the trade structure."

The problem is whether Japanese economic systems and industrial structures are able to adapt to such a change

in the trade structure. The White Paper registers a keen sense of crisis on Japan's high-cost structure.

It sees that if no effective remedies are applied, the rapid appreciation in the value of the yen will further widen the domestic-overseas price gap, and there will be increasing attempts to move not only production bases, but also research and development sections and even head office functions overseas. There will be few foreign investments in Japan to replace such a loss. In the long term, there will be the danger of "industrial hollowing out."

To return to our earlier metaphor, Japan is fast losing its attractiveness as a flower, the butterflies that used to settle on it are beginning to leave, and there are no others expected to take their place.

The White Paper also describes efforts made by other countries to become attractive flowers, i.e. efforts to "improve conditions for competition."

The United States has developed its over-the-counter market to provide massive funds for high-risk venture businesses. Germany formulated an "industrial sites law," while the UK has issued its "policies for successful business." They have all exerted utmost efforts.

Apart from the advanced nations, the White Paper also cites Singapore, which, as a matter of national policy, has been making great efforts to develop into an international business center, and China, which is accelerating efforts to encourage foreign investment using its abundant labor as a lure.

The document concludes: "Japan must take urgent steps to improve market conditions in order to create an environment in which companies can give full play to their competitiveness."

We fully agree. If Japan is left out in the international competition to improve conditions for business activities, the consequences will be serious.

Of course, this will not be easy to do when it comes to the details. Japan will not be able to cut its wage level drastically. Even a reduction in corporate taxes, which is advocated by some business operators, will require a comprehensive review of the taxation system.

However, there is no arguing that serious efforts to improve market conditions are indeed an urgent task. We need the ideas of as many experts as possible.

EPA 'Emergency Measures' on Yen Appreciation

95P30094A (Internet) Economic Planning Agency
WWW Server in English 14 Apr 95

["Provisional Translation" of the text of the ministerial conference on economic measures: "Emergency Measures for Yen Appreciation and the Economy"]

[FBIS Transcribed Text] **Emergency Measures for Yen Appreciation and the Economy April 14, 1995 Ministerial Conference on Economic Measures**

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[Preface]

There is a fear that the recent rapid changes in exchange rates might seriously damage the Japanese economy, which continues its basic trend of moderate recovery.

In order to tackle this situation, continued efforts toward various international coordinative action aimed at stabilizing the international currency market are required. In addition, the Japanese government needs urgently to implement every possible measure.

For this purpose, the Japanese government will focus on the following:

1. To dispel feelings of uncertainty concerning the economy and make the present trend of recovery a more solid one. To timely promote domestic demand in order to retain medium- and long-term development of the Japanese economy.
2. To confirm the strong resolution again that the current account surplus, which is on a declining trend, be greatly reduced further and to implement earlier deregulation that promotes improvement of market access.
3. To amplify the following measures: measures for rapid penetration of the benefits of the yen appreciation; measures for enterprises and employees damaged by the yen appreciation; economic-structural-reform measures for expanding economic frontiers; financial- and securities-market measures.

Thus, it will implement the emergency measures for yen appreciation and the economy as follows.

I. Measures for promoting domestic demand

The following measures for appropriate and timely promotion of domestic demand will be implemented in order to assure further the economy's shift to a solid recovery trend.

- (1) Compilation of FY 1995 supplementary budget

a) The compiling of the FY 1995 draft supplementary budget will be streamlined and a maximum effort to propose it to the Diet as early as possible will be made.

b) It will contain as many disaster-relief projects and reconstruction projects for the Hanshin-Awaji Great Earthquake disaster as possible. Also, due regard will be paid to the urgent projects or measures for prevention of disaster by earthquake, measures for small- and medium-sized enterprises that are facing a more severe environment by the effect of the yen appreciation and measures for import promotion. In order to promote further reform of the Japanese economy and industrial structure responding to the rapid appreciation of the yen, additional resources will be allocated for the areas of information and communication, and science and technology, which will lead to the creation of new industries.

For the important areas of import expansion, deregulation and structural reform, necessary budgetary measures will be taken without separating the budget for investment and for ordinary use.

c) To finance these expenditures, bond policy not restricted to the deficit-financing bonds described in the Article Four of the Budget Law will be utilized.

(2) Active implementation of public works

a) Public works will be implemented as actively as possible in FY 1995, paying due regard to the situation of the region hit by the disaster. b) Local governments are requested to ensure the active implementation of public works, including projects carried out with their own funds, in accordance with the measures taken by the central government.

(3) Appropriate and timely budget management Efforts will be made for appropriate and timely budget management, paying due regard to progress in providing reconstruction plans after the earthquake and developments of economic recovery.

(4) Implementation of the Basic Plan for Public Investment With regard to the 630 trillion yen of the Basic Plan for the Public Investment, active promotion of the Plan will be examined, keeping in mind the coming aging society of the 21st century, with due deliberation to fiscal soundness.

II. Front loading of deregulation and import expansion

In order to reduce further the current account surplus, which is now on a declining trend, the following specific measures will be implemented.

- (1) Front loading of the Deregulation Action Program

a) The Deregulation Action Program (decided by the Cabinet on March 31st, 1995) will be implemented through its front loading as a three-year program until FY 1997 with due provisions in budgeting and staffing due to sudden changes of the situation, though the Program was decided just at the end of last month.

b) In order to pursue effectiveness in improvement in the market access through deregulation and to actively promote competition policy, strengthened implementation of the Anti-Monopoly Law will be pursued, including enhancement of the organization and staffing of the Fair Trade Commission.

(2) Specific import-promotion measures

In order to promote imports aggressively, the following specific plans will be examined, and the necessary measures will be implemented, including actions by FY 1995 supplementary budget which will be discussed at the present session of the Diet.

a) Promotion of import of cars and auto parts

Broad penetration of imports to domestic markets will be pursued, by establishing the permanent exhibition places for imported cars and auto parts. Facilities which contribute to the promotion of foreign auto parts will be improved.

b) Active introduction of imported houses

— In order to promote import of house and construction materials, "Access Mart for Imported House and Materials (provisional name)" which has show-rooms of materials will be established. Permanent exhibition places for imported houses will be improved. In addition, measures will be implemented for providing information to consumers and developers.

— By actively introducing cheap and high-quality imported houses not only in the areas affected by the Hanshin-Awaji Great Earthquake disaster but nationwide, the following "Su-ma-i Up Project (provisional name)" will be implemented to improve the quality of habitation utilizing the merit of the yen appreciation.

* "Su-ma-i Up Center (provisional name)" for exhibiting, consulting and providing information on imported houses will be established in places like the damaged area.

*Construction of model-housing complexes with lower costs will be developed, using, for example, imported houses by the Housing and Urban Development Corporation and the Housing Corporation.

— The "Project for Promoting Use of Foreign Housing Materials" will be established, under which the standards for housing parts and equipment for construction

of Reconstruction House (collective housing) are to be published in advance, and opportunities for entry will be expanded by purchasing materials and equipment that satisfy the standards are to be purchased from abroad.

— Introduction of foreign construction materials which satisfy the required capacities for the two-by-four method of construction will be promoted.

— "Construction Industry Import Promotion Committee" will be convened in May this year.

(3) Strengthening incentives for import expansion

a) Import of houses and cars, which would contribute toward a large-scale import expansion, will be expanded by improving import-related lending schemes by government financial institutions.

b) Expansion of import promotion taxation will be examined.

c) Competition-restrictive trade practices in the private sector will be corrected from the viewpoint of improving market access to the Japanese market.

(4) Strengthening of national stockpiles of petroleum for emergencies

National stockpiles of petroleum for emergencies will be stored earlier than planned.

(5) Government procurement

In the field of government procurement, opportunities for fair competition will be given to foreign goods as before, under the principle of non-discrimination.

(6) Airport construction

Expansion of opportunities for entry of foreign companies with regard to airport construction including international airport will be pursued.

III. Return of yen appreciation gains and reduction of government-regulated charges

In the situation of a continued yen appreciation, the following measures will be implemented to promote price stability further.

(1) Return of yen appreciation gains concerning imported consumer goods

a) Requirements for related industries to pass on return of yen appreciation gains

The related industries will be requested in writings within April to quickly and sufficiently pass on the windfall profits gained from the yen appreciation to consumers in the areas of agricultural, forestry and fisheries products, consumer goods, services, publications,

house- and housing-related materials, and petroleum products. To retailers, in addition, requests to deal in more imported consumer goods will be made if necessary, thus giving consumers more opportunities to benefit from the yen appreciation.

b) Strengthening price monitoring and public information activities for consumers and enterprises

To promote the return of yen appreciation gains, price monitoring and public information activities will be improved and strengthened by conducting surveys on price trends for imports of consumer goods, and by using trade statistics and Price Dial (special telephone number in the Economic Planning Agency to accept information on prices from the general public).

(2) Reduction of government-regulated charges

Government-regulated charges will be strictly handled based upon "On the Treatment of Government Regulated Charges (Approved by the Cabinet on November 18, 1994)." Efforts will be made for their reduction, with a careful watch on the development of exchange rates, and measures will be implemented (see attachment).

IV. Response to adverse effects of yen appreciation

(1) Measures for small- and medium-sized enterprises

Under the rapid yen appreciation, the following measures will be implemented to stabilize and strengthen the foundations of small- and medium-sized enterprises management and to support the development of new business of small- and medium-sized enterprises to which structural measures are needed.

a) Measures for stabilizing and strengthening of the foundations of small- and medium-sized enterprises management

— New lending scheme with lower interest rates will be established in the People's Finance Corporation and the Small Business Finance Corporation for smooth financing of operating funds for small- and medium-sized enterprises that are adversely affected by the yen appreciation.

— The terms of the Emergency Management Support Loan Scheme (Business Structure Support Fund) will be further extended.

— A special insurance scheme which doubles the amount of insurance coverage will be established in the Small- and Medium-sized Enterprise Credit Insurance Scheme for small- and medium-sized enterprises that are severely affected by the yen appreciation.

— The upper limit of each lending of the Small Business Management Improvement Fund Scheme (the

Maru-Kei Scheme) of the People's Finance Corporation will be increased for small enterprises facing financial difficulties due to the yen appreciation.

— Some necessary measures for stabilizing and strengthening of the foundations of small- and medium-sized enterprises management will be implemented. Examples are the emergency consulting project for production centers that will treat hardship on management due to the yen appreciation, emergency consultation by the Business Associations, the Chamber of Commerce and Industry, the Central Association of Small- and Medium-sized Enterprises, and strengthening of order development for subcontractors.

b) Measures for structural reform of small- and medium-sized enterprises

— Addition of available lending amount, relaxation of requirements for lending, and increase of upper limit of lending with special interest rates will be accomplished in the lending scheme for smooth operation in new businesses of small- and medium-sized enterprises by the People's Finance Corporation and the Small Business Finance Corporation.

— New lending scheme for small- and medium-enterprises of which businesses are recognized by the Shoko Chukin Bank to have novelty will be established ("Lending Scheme for Promotion of New Business (provisional name)").

— The Business Innovation Law will be implemented on April 4. The Consulting Project for Business Development (provisional name) for precise field-work guidance on business development will be established at the Small Business National Corporation, for further active use of this law and the Business Restructuring Law by small- and medium-sized enterprises.

— Imports by small- and medium-sized distribution enterprises will be supported through advisers newly introduced in the Small Business National Corporation who have knowledge of import-business practices and import-support measures.

(2) Measures for agriculture, forestry and fisheries

Smooth provision of funds such as expansion of lending with low interest rates will be pursued, paying due attention to the future influence by the yen appreciation.

(3) Employment measures

a) To prevent the emergence of increased unemployment due to the yen appreciation, the present special measures of Employment Adjustment Subsidies will be maintained for the time being.

b) Also in order to tackle the effect of yen appreciation and realize "labor turnover without unemployment," it is required that support and assistance measures based on the "Law on Temporary Measures Concerning Employment Security for Workers in Specified Depressed Industries" be used by enterprises immediately after the implementation of the law. For this purpose, measures such as speedy and appropriate entitlement of special sector for employment adjustment, briefing for trade associates, and establishment of the Council for Employment Measures under Yen Appreciation (provisional name) at the regional level, will be implemented.

c) In addition, employee training by enterprises that seek high value-added business and business restructuring under the yen appreciation will be promoted.

V. Promoting reform of economic structure

Under a good environment realized by promotion of domestic demand, reform of economic structure will be further accelerated to develop future prospects. Especially, active measures will be pursued for the following fields.

(1) Expansion of economic frontiers

a) In order to effectively promote new businesses, the financing environment will be improved, including the review of schemes such as the reform of the over-the-counter market. Based on the decision by the Ministerial Task Force for Industrial Structure and Employment Measures (December 27, 1994), the following measures will be implemented. "Business Innovation Law," which aims at business innovation of enterprises including medium enterprises and which was approved by the Diet recently, will be utilized. The "Small- and Medium-sized Enterprises Restructuring Law", which is now utilized, and "Small- and Medium-sized Enterprises Creative Activity Law," which was approved by the Diet recently, will be implemented smoothly. To create intellectual assets which will become important in the future in Japan, infrastructure for R & D both in hardware and software will be improved and R & D by the government will be promoted. An "Information Society" will be promoted by compiling each ministries' and agencies' guidelines within this year as early as possible, which will be based on the basic stance for an "information society" (decided by the Ministerial Task Force for Information Society, on December 12, 1994).

b) In order to realize a comfortable and leisurely life, working hours will be shortened and new industries will be promoted which contribute to the expansion of choices by consumers.

(2) New framework for correction and reduction of foreign and domestic price differentials

For tackling the correction and reduction of foreign and domestic price differentials by the government as a whole, an annual survey on price differentials will be conducted simultaneously not only for consumer goods but also for intermediate goods and services. Factors will be analyzed using the results of this survey. These results will be made public as soon as possible. The government regulations which are factors in the differentials will be examined and the results will be reflected in the revision of the Deregulation Action Program. In addition, as for the competition-restrictive behavior that are factors in the price differentials, the Antimonopoly Law will be strictly applied and competition-restrictive and inefficient trade practices in the private sector will be corrected.

(3) Promotion of inward investment

The stance of the government to promote inward investment will be made clear by publishing the "Statement of the Japan Investment Council (provisional name)" which welcomes investment into Japan from various foreign countries. Thus, active promotion of inward direct investment will be pursued.

(4) Work for international harmonization of business environment From the viewpoint of further accelerating the reform of the economic structure, laws and schemes surrounding enterprises will be reviewed as rapidly as possible, paying due attention to international harmonization.

(5) Taxation on companies

As for taxation on companies, fairness and neutrality are the principle. Considering the change in industrial structure, its future will be examined in accordance with the basic direction that the tax base is expanded and the rate is reduced.

VI. Measures concerning financial and securities markets

(1) Encouragement of disposal of non-performing assets by financial institutions

To encourage disposal of non-performing assets by financial institutions further and to seek a smooth supply of capital necessary for economic activities, the following measures will be implemented.

a) To consolidate the prospect of a solution to the non-performing loans of financial institutions by actively implementing disposal of non-performing loans, including restructured loans within roughly five years, without clinging to conventional ideas and paying due attention to protection of depositors.

b) To strengthen discipline in the management of financial institutions and to formulate highly transparent financial markets, sufficient public disclosure reflecting on the real situation of financial institutions will be immediately carried out, paying attention to the effect on the credit order.

(2) Giving vitality to the securities market

a) To improve the environment for giving vitality to the securities market, following measures will be implemented.

— The steady reform of securities investment trust from January this year will be pursued. The listed securities investment trust associated with Nikkei 300 Stock Price Indices, which is a new-type securities investment trust, will be listed within the next month.

— For contributing to the financing of enterprises that are beginning new businesses such as R & D and knowledge-based businesses, special treatment of registration standards to the over-the-counter market will be established, paying due consideration to the conclusion of the examination by the Securities Dealers Association of Japan planned to come out in June this year.

— In the preparation for the periodical stock-holders' meetings to be held in June this year, issuing companies are requested to actively tackle the ownership of companies' own shares, as a policy for returning profits to stock holders.

— Small-scale stock investments will be made possible. The unit of investment will be promoted for encouraging stock investment by individual investors.

— The eligibility standard for bonds and the obligation to set restriction articles on accounting will be abolished in January 1996. The public disclosure system will be improved from the viewpoint of investor protection.

b) As for the transaction tax for securities, its future will be examined from the viewpoint of the whole securities taxation including the capital gains tax on stock exchange.

(3) Measures for financial derivatives

In a situation in which the transactions of financial derivatives are expanding, disclosure of the transactions of financial derivatives by financial institutions will be improved. Also, the own-capital-asset regulation will be further improved.

(4) Promotion of internationalization of the yen

a) Promotion of trade denominated by the yen

At present, the share of trade denominated by the yen is about 40% for export and about 20% for import. Because the trade denominated by the yen contributes to the aversion of companies' risks of exchange rate changes, companies' active efforts to increase the share of trade denominated by the yen will be welcomed.

b) More intimate relationships between Asian monetary authorities

In view of the internationalization of the yen and the stability of the exchange rate market, efforts will be made toward closer cooperation with the Asian monetary authorities.

(Attachment)

Reduction of Government Regulated Charges

a) Domestic telephone call charges

Discounted charges for calls to previously specified numbers was introduced in November 1994, and discounted charges for calls to previously specified regional codes was introduced in April 1995. Further reductions for long-distance calls such as enlargement of discounted-charge schemes will be examined.

b) International telephone call charges

International telephone call charges were reduced in November 1994. Further reductions of charges such as enlargement of discounted-charge schemes will be examined.

c) Leased lines charges

Charges for leased lines for international use were reduced in December 1994 and February 1995. Further reductions will be promoted. In addition, reductions for leased lines for domestic long-distance communication will be promoted.

d) Charges for cellular phones and mobile radio phones
Part of the telephone call charges for cellular phones and mobile radio phones were reduced in April 1995. Further reductions will be promoted.

e) Domestic mail charges

A bill to abolish the legal limit on discount rates concerning mail for advertising use is being discussed in the Diet at present. After approval of the bill, further discounts will be implemented. Introduction of a discounting scheme for catalog parcels will also be examined.

f) International mail charges

Reduction of charges for international "Lettax" services (international mail through facsimile) will be examined.

Economy air mail service which is cheaper than ordinary air mail and applied to printed matter and parcels will be examined to cover small packets.

g) Electricity and gas charges

Return of the yen appreciation gains has been implemented for electricity and gas charges from October 1994. Appropriate actions will be taken when a considerable amount of gain continues to occur, paying careful attention to the development of exchange rates and crude oil prices.

h) Price for industrial alcohol

Appropriate actions will be taken when a considerable amount of gain continues to occur, paying attention to the development of exchange rates and price of crudely distilled alcohol, which is used in production.

i) Selling price of imported beef for school lunches

The National Stadium and School Health Center of Japan reduced the price of imported beef for school lunches sold to prefectural school lunch associations in April 1995. It will take appropriate actions in accordance with the development of the exchange rate.

BOJ Governor Matsushita on Impact of High Yen

OW2505094295 Tokyo KYODO in English
0906 GMT 25 May 95

[FBIS Transcribed Text] Tokyo, May 25 KYODO — Bank of Japan (BOJ) Governor Yasuo Matsushita on Thursday [25 May] reiterated his concern over the strong yen's adverse impact on the Japanese economy.

In a speech delivered to the National Association of Shinkin Banks (Credit Associations), he said, "the yen's sharp appreciation has been strengthening uncertainty about the future direction of the Japanese economy."

Because the recovery of personal consumption is not so smooth and business corporations remain cautious about capital spending, the growth in firms' sales and profits is slower than that in the previous economic recovery phases, he said.

"Under these circumstances, there is a concern that the yen's recent rise would cause the recovery of business performance and confidence to become stagnant," Matsushita said.

Given such a situation, the Bank of Japan began leading short-term interest rates lower late March and reduced the official discount rate to an all-time low of 1.0 percent per annum on April 14, he said. The actions caused market rates to drop sharply, he said.

"Expecting the effects of lower interest rates to prevail further and the step of the economic recovery to become

steady, we will continue to keep careful watch on financial and economic developments," he said.

Touching on the bad loan problem, Matsushita said financial institutions have so far made active efforts to write off nonperforming loans and build up reserves for debts.

"But it is necessary for them to step up efforts to collect bad loans to improve their cash flows," he said. "In cooperation with financial institutions, we will make efforts to attain an early resolution of the bad-loan problem."

In order to make the Japanese financial system healthy and stronger, it is necessary to tackle many other issues besides the bad-loan problem, he said.

He cited the need to promote competition through deregulation, to strengthen risk-management systems at financial institutions, to make more use of the checking mechanism in the market and to prepare financial infrastructure, such as settlement systems.

JDB To Extend Loans to Foreign-Owned Firms

OW2405063595 Tokyo NIHON KEIZAI SHIMBUN
in Japanese 23 May 95 Morning Edition p 5

[FBIS Translated Text] The government plans to extend Japan Development Bank (JDB) loans to auto-related foreign firms with production bases in Japan. The JDB has so far provided loans to foreign firms only for their initial investment in Japan. However, the bank will also provide loans for second and further investments for such plans as the expansion of plants. In extending JDB loans to foreign firms, the government aims to promote investments in Japan by such foreign firms as auto-parts makers.

The plan will be put into practice by the end of May as part of an emergency package to deal with the yen's hike and other economic problems. When foreign firms build plants in Japan for the first time, the JDB has so far provided them with low-interest loans (presently 3.5 percent) for investments that may lead to an increase in Japanese imports on the basis they are "loans to strengthen the foundation for the promotion of imports."

On an average, the JDB provides loans amounting to 10 billion yen a year.

Takemura Urges Banks To Write Off Bad Loans

OW2505075595 Tokyo KYODO in English
0714 GMT 25 May 95

[FBIS Transcribed Text] Tokyo, May 25 KYODO — Finance Minister Masayoshi Takemura urged credit banks Thursday [25 May] to do more to write off

nonperforming loans so as to put their management on a sound footing in this time of financial liberalization.

Takemura's call was contained in a speech — read out by Vice Finance Minister Jiro Saito on behalf of the minister — to the annual meeting of the National Association of Shinkin Banks.

Takemura also stressed the importance of credit banks enhancing their capital by expanding internal reserves, as well as improving risk-management systems.

Financial liberalization will allow credit banks to meet the diversified and sophisticated needs of smaller firms and individuals by increasing management options such as offering new products and entering into new business, Takemura said.

On the other hand, the liberalization may spur competition and enlarge various risks, bringing about a severe environment for the management of credit banks, he said.

Takemura asked credit banks to disclose management data for the current business year ending March 31, 1996, as recommended by the Financial System Research Council, an advisory body to him.

On the nation's economy, Takemura reiterated that recent rapid fluctuations of foreign exchange rates might have serious adverse effects on the economic outlook.

The Group of Seven (G-7) industrial nations have agreed that it is desirable to reverse the recent exchange rate movements, which are far from levels justified by economic fundamentals, Takemura said.

Japan will continue trying to stabilize currency rates in close cooperation with G-7 countries, he said.

Matsushita Comments on Interest Rate Policy

*OW1905090095 Tokyo KYODO in English
0654 GMT 19 May 95*

[FBIS Transcribed Text] Tokyo, May 19 KYODO — Bank of Japan Governor Yasuo Matsushita said Friday [19 May] the central bank's interest rate policy would have only limited effects on foreign exchange trading.

Matsushita said at a private forum in Tokyo, "interest rates are only one of various factors to cause currency fluctuations and therefore there is a limit to control of foreign exchange rates by interest rates."

Matsushita voiced strong concern, however, that the yen's recent appreciation may have adverse effects on Japanese corporate earnings.

"It is difficult to find justifiable reasons for the recent rapid exchange fluctuations," he said.

While reiterating that the bank's monetary policy should not be applied simply to counter foreign exchange rate moves, Matsushita said its recent credit easing measures have helped further widen the gap in interest rates at home and abroad, which he said will eventually contribute to stable foreign exchange rates.

However, in order to stabilize the currency markets, major industrialized nations should attain a common policy target of noninflationary, sustained economic growth, Matsushita said.

Matsushita cited a relatively high inflation rate in the United States as a reason for the recent drops of the dollar against the yen and the German mark.

Matsushita also said U.S. structural problems such as the budget deficit may hinder the nation's inflation-free sustained economic growth in the future.

Matsushita welcomed ongoing price declines in Japan, saying increased economic liberalization cannot help but correct the wide gap between domestic prices and those overseas.

Matsushita also said there is downward pressure on services prices in the nonmanufacturing sector, which has so far been protected by government regulations and domestic business practices.

Lower import prices and competition with cheaper imports can also contribute to price declines, which consumers have a right to enjoy, Matsushita said.

He called upon the government for further deregulation efforts.

The central bank will continue a close monitoring of price movements so neither inflation nor deflation occurs, he said.

Low Interest Bank Loans Top 10 Trillion Yen

*OW0905093295 Tokyo KYODO in English
0846 GMT 9 May 95*

[FBIS Transcribed Text] Tokyo, May 9 KYODO — The outstanding balance of nonperforming bank loans with interest rates below the official discount rate is believed to have topped 10 trillion yen [Y] at the end of March this year, financial sources said Tuesday [9 May].

The figure is for bad loans held by 11 major commercial banks, known as city banks, three long-term credit banks and seven trust banks, the sources said.

The financial institutions have either lowered rates or waived interest payments for nonperforming loans to help ease the burdens of borrowers.

The balance of bad loans to financially troubled borrowers and those with interest payments overdue for six months or longer was estimated at 12.6 trillion yen at the end of March, a decrease of 1 trillion yen from a year earlier, the sources said.

Loans to seven housing-loan companies undergoing financial reconstruction account for nearly 50 percent of low-interest bad loans, the sources said.

Nonbanks account for the remainder, they said.

Easy-term bad loans held by the 11 major commercial banks totaled more than 4 trillion yen while those held by the three long-term credit banks and the seven trust banks exceeded 1 trillion yen and 3 trillion yen, respectively, the sources said.

They said an increasing amount of bad loans to non-banks will be irrecoverable due to the prolonged real estate market slump, causing some commercial banks to give up claims.

Under new regulations planned by the Finance Ministry, these 21 banks will be required to reveal the amount of such bad loans with reduced interest rates, starting in fiscal 1995 which ends next March 31, the sources said.

Dailies Review Defense Agency's Draft Plan

NIHON KEIZAI on SDF Components

OW2505121595 Tokyo NIHON KEIZAI SHIMBUN in Japanese 24 May 95 Morning Edition p 1

[FBIS Translated Text] The Defense Agency [DA] has drawn up a new draft plan to reorganize the Self-Defense Forces [SDF] by revising "The National Defense Outline Program," which serves as a guideline for the nation's defense buildup. In searching for a new post-Cold War posture for Japan's defense capabilities, the DA is considering the following two main points: 1) Transferring 20 to 30 frontline fighters in fighter-interceptor units of the Air Self Defense Force [ASDF] to the education division; 2) Reorganizing the Maritime Self-Defense Force's [MSDF] current 10 escort flotillas into eight regional district units charged with defending Japan's surrounding sea areas; and setting up new ASDF brigades while reducing the 13 divisions to nine or 10. However, three squadrons of the ASDF's support fighter units will be maintained as the next generation support fighters now being developed will be introduced there. The DA intends to send this plan to the government's Security Council of Japan meeting to be held after the House of Councillors' election.

Ever since "the Defense Issue Council" — the prime minister's advisory panel — proposed a partial SDF reduction last August, the DA has been studying a new

defense concept. So far, the goal of this nation's defense buildup is to respond to "limited, small-scale aggression by itself." The DA intends to change this policy to place more importance on defense capabilities in dealing with "divergent type of dangers" like terrorism. It's draft plan was formulated around this concept, and indicates specific bearings of the SDF reorganization.

In the GSDF [Ground Self-Defense Force], the existing 13 divisions (of two types: one with 9,000 personnel, and the other with 7,000) will be reduced to nine or 10, with several brigades each having 5,000 personnel. Of them, one will be a sophisticated helicopter air mobility brigade. Although all existing divisions are presently understaffed, under the new system the GSDF intends to overcome this by revising the personnel strength of each division to 8,000.

While maintaining the four escort flotillas which play a major role in maritime defense, the MSDF will introduce advanced ships to update the system. Ten escort flotillas of the regional district units defending the nation's waters will be consolidated into eight flotillas. With the introduction of large supply ships, the MSDF will aim at improving its overall maintenance system.

Considering the fact that scrambles to counter Russian fighters' violations of territorial airspace have lessened, the ASDF will cut the number of fighter interceptor units composed of F-15's and F-4EJ's, the two major fighters. Specifically, of each squadron's 20 fighters, one or two will be transferred to the ASDF education and training division, so there will be no changes to the total number of fighters.

ASAHI Comments on Program

OW2205133195 Tokyo ASAHI SHIMBUN in Japanese 21 May 95 Morning Edition p 1

[FBIS Translated Text] The Defense Agency [DA] has compiled a draft revision of the "National Defense Program Outline" which will serve as a guideline for building up the nation's long-term defense capabilities in the coming years. As the backbone of its draft revision, the DA proposes, among other things, that Japan should completely turn away from the concept of the existing defense program outline under which the nation is to respond on its own to "limited, small-scale aggression" that may possibly occur based on the assumption that the former Soviet Union of the Cold War era would be a virtual "threat;" build up defense capabilities to enable itself to respond to "various kinds of danger" in the post-Cold War era, including terrorism and the influx of armed refugees; and respond effectively to such matters as reinforcing the Japanese-U.S. security framework and UN peacekeeping operations (PKO). The DA

plans to convene a meeting of the Security Council of Japan as early as June and have the government begin studying the issue and the cabinet come up with a decision by the end of the year.

The DA compiled its draft revision of the defense program outline based on the results of debates conducted by its "study panel on what defense capability ought to be." The draft is also basically in line with recommendations submitted last August by the Informal Panel on Defense Affairs. Regarding the post-Cold War international situation, the DA, in its draft revision of the defense program outline, has analyzed that while "the possibility of armed conflict on a global scale has drastically diminished," more emphasis now lies on "how to control such new dangers as the possible outbreak of regional conflicts and the proliferation of arms of mass destruction and military-related technologies as a result of the decline in the coordinating abilities of super powers."

Regarding changes in the security environment surrounding Japan, the DA, in its draft revision, stresses that "it has become increasingly necessary to prepare for various kinds of danger rather than just armed attack." The DA then cites the following points as new roles for Japanese defense: 1) Respond to various kinds of danger such as interference with maritime traffic, violation of territorial air space, illegal occupation of parts of the national territory, various kinds of terrorist acts, and the influx of armed refugees; 2) Joint action with the United States in response to aggression against Japan; 3) Contribution to the stability of the international community by promoting an active military interchange, while cooperating with the United States in supporting UN activities; and 4) Stabilization of the people's livelihood via domestic relief activities.

The concept of the current defense program outline which was decided by the cabinet in 1976 was basically to enable Japan to respond to "limited, small-scale aggression" which was linked with the idea of a possible invasion of Japan by the former Soviet Union against the backdrop of an East-West conflict and to enlist U.S. support to expel invaders in case Japan cannot handle it alone. In the draft revision of its defense program outline, the DA discards this concept and at the same time aims at upgrading Japan's defense capabilities by enabling the nation to respond to "various kinds of danger."

Regarding the DA's discarding of the concept of "limited, small-scale aggression," concerns have been raised in some quarters of the DA that this "may be used as due reason to call for reducing defense power" (as stated by a senior DA official). Eventually, however, the view

that prevailed was that "since the Cold War has ended, it will not be possible to convince financial authorities and the general public unless new reasons for building up defense capabilities are shown to them."

Regarding the Japanese-U.S. security arrangement, the DA, in its draft revision of the defense program outline, proposes "to contribute to the stability of surrounding regions," as well as to further strengthen joint Japanese-U.S. response to aggression. The DA also clarifies its intention to expand the scope of the bilateral alliance so that it not only involves responding to aggression but also encompasses the security of surrounding regions.

MAINICHI on PKO Rules

OW2505042195 Tokyo MAINICHI SHIMBUN
in Japanese 21 May 95 Morning Edition p 1

[FBIS Translated Text] The Defense Agency [DA] on 20 May decided on its stand on the issue of reviewing the UN Peacekeeping Operations (PKO) Cooperation Law. The main points are: 1) A review of rules on the use of weapons; 2) a lifting of the ban on participation in UN peacekeeping forces (PKF); 3) organizational reform of the DA and the Self-Defense Forces [SDF]; and 4) the forging of cooperative ties with non-governmental organizations (NGO). The terms of the PKO Law require that it should be reviewed three years after enactment (which will be 10 August 1995).

The government, the ruling Liberal Democratic Party, and the opposition Shinshinto [New Frontier Party] are moving toward support for the idea of lifting the ban on participating in PKF activities. The DA and the SDF have strongly voiced their opinion: "The rules on the use of weapons under the current law do not ensure the safety of dispatched SDF units." The DA aims to publicize its stand in the government consultations which are part of the review of the PKO Law.

The PKO Law, which was approved in June 1992, bans participation in PKF activities, including cease-fire and disarmament monitoring duties. The ban was needed at the time to win the approval of the former Komeito [Clean Government Party]. SDF activities are strictly limited to logistical support, such as transport duties.

The DA maintains: "Lifting the ban on PKF participation is necessary to promote the SDF's international contributions." It believes the rules on the use of weapons should be revised at the same time to allow for participation in PKF activities. The current law permits SDF personnel to carry a pistol or a rifle, but these weapons can be used only "when it is necessary to protect the life or safety of oneself or other SDF members."

However, as a senior DA official pointed out: "It is difficult for SDF personnel to make an individual decision when attacked on duty." The DA, therefore, intends to call for a revision of the law so that weapons can be used under orders of the unit commander.

On the issue of DA organizational reform, there is a plan to set up a "PKO Office" in the secretariat of the Joint Staff Council, or to set up a section to oversee PKO activities in the proposed "Information Headquarters" (tentative name). Such an office would collect worldwide information on PKO activities regularly and conduct training for personnel due to be dispatched overseas.

The DA notes the necessity of building cooperative ties with NGOs in the field, whose role is now being recognized in the world, to make the implementation of PKO activities more effective.

Efforts To Draft No-War Resolution Viewed

Coalition Agrees on Timing

*OW2505134195 Tokyo KYODO in English
1315 GMT 25 May 95*

[FBIS Transcribed Text] Tokyo, May 25 KYODO — Prime Minister Tomiichi Murayama and secretaries general of the three ruling parties agreed Thursday [25 May] that the ruling coalition will complete in late May or early June a draft Diet resolution marking the 50th anniversary of the end of World War II, coalition officials said.

The resolution is the last major issue remaining to clear the Diet during the current session ending June 18.

Murayama's Social Democratic Party (SDP), the Liberal Democratic Party (LDP) and new party Sakigake [Harbinger] pledged when they formed the current ruling coalition last June that they would try to push a no-war resolution through the Diet.

The SDP-Sakigake group and the LDP, the largest component in the ruling coalition, have disagreed over the wording of the proposed resolution. About half of LDP legislators have formed a group opposing such a resolution.

Coalition sources said a draft resolution may address Japan's aggression and colonial rule over other Asian countries before and during World War II.

The SDP and Sakigake contended that the resolution should clearly state Japan's wartime wrongdoings and offer an apology for them, while the LDP opposed the idea, saying that a unilateral apology by the country would be a "one-sided" historical view and would not be admissible.

LDP Accept Clause on Aggression

*OW2505034195 Tokyo SANKEI SHIMBUN
in Japanese 20 May 95 Morning Edition p 2*

[FBIS Translated Text] On 19 May, the Liberal Democratic Party's [LDP] Policy Research Council decided to accept a clause on Japan's wartime "aggression" in a Diet resolution marking the 50th anniversary of the end of World War II. The ruling coalition parties have been having difficulties in reaching accord on whether the resolution should refer to Japan's "aggression" and "colonial ruling," as proposed by the Social Democratic Party of Japan [SDPJ] and Sakigake [Harbinger]. Following the decision, the council started negotiations with the "Dietmen's League on the 50th Anniversary," led by Seisuke Okuno, a group of LDP members opposing the resolution.

The LDP policy board decided to accept the clause on Japan's "aggression" in line with former Prime Minister Yasuhiro Nakasone's remark at the upper house plenary session held on 17 October 1985. At that time, Nakasone stated: "In the past, Japan gave great pain and damage to many people and countries in Asia and other regions."

Regarding the LDP's perception of remarks by former prime ministers, LDP Policy Research Council Chairman Koichi Kato told reporters on 19 May: "We have to give adequate consideration to policy speeches and other official remarks by former prime ministers, but the principle does not apply to less formal remarks such as those made at Diet committees or lower levels of meetings." Kato thus hinted that Nakasone's remark in the upper house plenary session is subject to discussion among coalition parties.

On 17 May, Deputy Prime Minister and Foreign Minister Yohei Kono also showed a positive attitude toward incorporating the "aggression" clause in the resolution, saying: "I support the opinions of my predecessors. We have to recognize one of them referred to the 'aggression' to express regret over Japan's past behavior, which troubled many people."

Following the LDP decision, coalition parties held a meeting of heads of the 50th anniversary project team on 19 May to discuss how they should handle the proposed resolution. As a result, the three parties agreed to hold the project team leaders' meeting from 24 to 26 May to map out a draft resolution and to finalize it at the project team's plenary meeting on 29 May.

SDPJ Secretary General Wataru Kubo, in a 19 May news conference, urged a war-renouncing resolution based on Japan's regret over the "aggression" and "colonial ruling," saying: "Some people are calling for a resolution denying Japan's 'apology,' 'war-renouncing,'

'aggression,' and 'colonial ruling,' but it is a wrong attitude from the viewpoint of the three-party agreement, which was concluded among coalition parties when the Murayama cabinet was formed." Kubo added: "The SDPJ should not make concessions which may change the meaning of the resolution. What we have to do is to seek a consensus without dropping our objective."

Bipartisan Group To Ask Apology

OW2405124095 Tokyo KYODO in English
1159 GMT 24 May 95

[FBIS Transcribed Text] Tokyo, May 24 KYODO — A bipartisan group will be formed next Tuesday to seek a Diet resolution apologizing to Asian countries for Japanese wartime invasion and colonial rule, lawmakers involved in the group said Wednesday [24 May].

The group, to be led by former Social Democratic Party (SDP) Chairman Makoto Tanabe, is appealing to some 100 lawmakers, including Ttutomu Hata, former prime minister and deputy chief of Shinshinto (New Frontier Party), the main opposition party, to join, they said.

The proposed resolution also calls on the government to conduct a survey of damage caused by Japanese colonial rule and make public its results, they said.

The SDP and two other parties involved in the tripartite ruling coalition have agreed to adopt a Diet resolution to mark the 50th anniversary of the end of World War II.

But they remain at odds, with a group of conservative members in the Liberal Democratic Party, the largest of the three parties, opposing a proposal by the SDP to include in the resolution an apology to Asian people for Japanese wartime atrocities.

Post-Murayama Political Situation Analyzed

952B0150A Tokyo SEIKAI SHUNJU in Japanese
Apr 95 pp 6-11

[Article by Takao Iwami]

[FBIS Translated Text] Earthquake Will Affect Elections

The year 1995 has arrived as an election year, but the situation has changed with the Osaka-Kobe earthquake of 17 January. What might be called a political situation influenced by the earthquake has been launched and the trends that had been active up to that point have been shut off.

However, notwithstanding, elections will definitely take place and this year's political trend will be affected by two features including the political situation influenced

by the earthquake and the elections. These two features are not unrelated and I believe the elections will be influenced in a major way by the earthquake. It is difficult to determine just what impact the earthquake will have and everyone is groping for the answers, but what might be considered such an impact was revealed in the Aomori gubernatorial election of 5 February.

In that election, incumbent Governor Masaya Kitamura (endorsed by the Liberal Democratic Party [LDP]) was considered to be the front-runner, but Morio Kimura (recommended by the New Frontier Party [NFP] and Komeito) won the election. The cause of this outcome has become an object of analysis, but Kitamura was aiming for his fifth term and he had the disadvantage of being 78 years old, but these are just routine factors. I believe this is a case where the earthquake had an effect on the gubernatorial election.

There is no mistaking the fact that severe exasperation pervades the entire Japanese nation about the nature of the political and administrative actions taken in response to the earthquake. And we now face a situation in which political leadership, beginning with Prime Minister Murayama, as well as the bureaucratic system, are unable to cope with public sentiment. We must recognize the fact that the Japanese political situation has lapsed into such a structural situation and even if it is faced with a need to take emergency action, it is unable to take timely action. There has been a definite rise in distrust concerning that situation as well as a feeling of rejection toward the establishment. There is major significance in the fact that such sentiments manifested themselves in Aomori, located far from Kobe.

Political parties and politicians have been hit by the premonition that this is a serious situation. They are faced with the need to revamp their election plans, but they have no idea as to how to proceed with the task. The political parties are proceeding on the approach that they will give preference to incumbents, but on the premise that the incumbents are strong. At the same time, realistically, it is difficult to set aside an incumbent and endorse a new candidate, providing for no alternative but to abide by the principle of giving preference to incumbents. However, there is a spreading fear that incumbents are unusually weak candidates.

It is in such a manner that the earthquake and elections are inseparable, making that situation the most significant characteristic of the current political situation.

Doubts Spreading About the Murayama Administration

The second characteristic of the political situation influenced by the earthquake pertains to the doubts exist-

ing about the Murayama administration. These doubts pertain to the political capabilities and leadership of Tomiichi Murayama as an individual. Rumors exist to the effect that initial actions taken in response to the earthquake were slow and that he is considerably fatigued in a physical sense, while it is fact that he is very tired. Doubts of that nature exist concerning Murayama as an individual, but of greater significance is the existence of a kind of uncertainty concerning the LDP-Socialist Democratic Party of Japan (SDPJ) coalition government. Put more directly, can an SDPJ prime minister react quickly to an emergency situation?

It is the LDP, which commands a strength triple that of the SDPJ, that in reality sustains the current administration and it is the LDP that has failed to properly support the prime minister with respect to emergency situations.

As an example, referring to the allegation that deployment of the Self-Defense Forces (SDF) was not timely, immediate criticism is directed at Prime Minister Murayama, but if sufficient thought were given to the situation, the fact that the LDP plays the predominant role in the government would lead to criticism questioning the adequacy of the assistance rendered by the LDP. However, the situation is very vague in that respect, amidst comments that, because the SDPJ is a political party which has consistently insisted that the SDF violates the Constitution, even LDP Deputy President Obuchi is saying so. That sort of situation leads to the very substantive question, does the LDP-SDPJ administration function as a unified government?

Further, such doubts expand to the question of whether a coalition government can function properly in Japan? The current political world is unable to answer this question and is groping its way through the situation.

Such a backdrop has led to a definite move towards the "post-Murayama" period. The feeling was obvious at the beginning of the year that Prime Minister Murayama had weakened considerably both mentally and physically and that his tenure would be limited to the completion of the budget, but then the earthquake hit unexpectedly. The earthquake invited talk that it would not be advisable to undergo a change in government and that Prime Minister Murayama should stay in charge for the time being, while the imminent split in the SDPJ was put on hold, inspiring temporary talk of a lucky Murayama. However, all of this talk was typically Nagata-cho in character and reflected small-world expectations.

However, reality reflected an entirely different picture. After all, the heavy pressure of the earthquake has undermined this administration in a manner similar to the earthquake. The Murayama administration will

probably continue for the near term, but despite such talk, everyone has begun to feel that there is no telling when the current administration will be thrown out of office. Giving highest priority to earthquake actions has subdued other issues, but already a kind of political struggle has intensified in the background.

The LDP Is Unable To Decide on Its "Next Leader"

If we were to look at the situation from a voter perspective, we would normally expect that, if Murayama were to leave office, the next prime minister would come from the LDP. From the perspective of a democratic parliamentary system, Prime Minister Murayama is an interim prime minister and could hardly be considered a permanent prime minister. Thus, I feel if the interim prime minister becomes worn out and leaves his position, the logical successor would come from the LDP. However, the foremost problem currently prevailing in the LDP, the largest political party, is that it has not designated an individual as party leader that it is willing to uphold as the head of the next administration. Putting it more bluntly, the LDP has neither selected nor is it likely to select an individual to take over the administration in the post-Murayama period.

The term of office of the current LDP President, Yohei Kono, will expire at the end of September, but it is unknown whether Prime Minister Murayama will survive until September. Kono himself is making preparations on the premise that a change in government may take place in the interim. That potential is demonstrated by the fact that Taku Yamazaki of the YKK group was appointed as LDP Diet Countermeasures Committee chairperson. Concurrently, Kono and Michio Watanabe have distanced themselves even more. Watanabe had been considered one of the LDP presidential candidates, but he declared only a short time ago that he would not be running for the office. However, that does not mean that the number of candidates has decreased by one, but that Watanabe has taken the stance that he will endorse an anti-Kono candidate; i.e., play the role of kingmaker.

In that sense, it is a fact that the political struggle within the LDP has begun to show some movement. Kono plus YKK; that is, his connections with the Koichi Kato group have become noticeable. That brings us to the question of whether a government can be formed out of the Kono plus Kato group, but the answer is that it won't be an easy task.

The current post-Murayama candidates for LDP leadership include Kono, Ryutaro Hashimoto, and Keizo Obuchi. There is no way of predicting moves to be made by Hashimoto and Obuchi, but, from a political sense, it would appear that Watanabe would endorse Hashimoto.

Then, the question is whether Watanabe will conduct a campaign endorsing Hashimoto, but the story is not that simple. Watanabe was once an ultra-conservative and had attempted to tie up with Ichiro Ozawa of the New Frontier Party [NFP]. And, he may attempt once again to tie up with Ozawa. In that case, there is the possibility of a triangle consisting of Ozawa, Watanabe, and Hashimoto.

On the other hand, on an intraparty basis, Kono has tied up with the YKK group, but from an overall political perspective, he has formed a triangle consisting of Kono, Murayama, and Takemura.

In other words, there is the possibility of a clash between the two triangles in the post-Murayama period. Under such a circumstance, the Yamahana group will probably side with the Ozawa triangle. And, the Hata group within the NFP might side with the Kono triangle.

Restructuring of Opposition Already Taking Place

A look at the past indicates that the Ozawa, Watanabe, and Hashimoto lineup is consistent with past behavior. Rather, a questionable lineup consists of Kono, Murayama, and Takemura. In contrast to the situation in which the Ozawa triangle is basically composed of individuals from the LDP, the question is whether, although the Murayama administration has been nurtured through eight months in office, it can do well in the future.

On the other hand, even in the case of the Ozawa triangle, the teaming of only Ozawa and Watanabe would be inadequate and Hashimoto becomes a question. The question is, will Ozawa and Hashimoto team up on amicable terms? Just last year, Ozawa made an offer to Hashimoto, but the latter declined. However, on the question of whether a path to party president and prime ministership has been laid for Hashimoto if he were to stay in the LDP, we would have to say the future is very opaque and we are unable to make a prediction. Accordingly, even Hashimoto faces a situation in which he must undertake some sort of "adventure." At this point, it is unknown whether Ozawa and Hashimoto will reach an agreement if Watanabe serves as a broker between them. If such an agreement were to materialize, a new trend will probably be created because of Hashimoto's high popularity. However, such an outcome will require a considerable decision by Hashimoto.

You might call this a second restructuring of the political world, but an extremely complicated restructuring of both ruling and opposition parties is taking place in anticipation of the post-Murayama period. This is not simply a case of who will be the candidate for the post-Murayama period, but a scenario in which politi-

cal restructuring and political struggle take place concurrently and provide for a very worrisome political situation which allows no time for relaxation.

If Prime Minister Murayama were suddenly to become hospitalized, Deputy Prime Minister Kono would be promoted, but there is also the potential that the Murayama administration will weaken gradually. If it should fall into a situation where the government could not sustain itself for more than a month, it would suddenly lead to a political struggle and an uncontrollable situation.

On the other hand, elections will take place, and in that sense, fairly serious political crises will probably persist on a chronic basis.

The LDP was the sole ruling party for 38 years but had fallen to opposition-party status for one year from the summer of last year, but managed to restore itself to ruling-party status by using the extraordinary, but clever means of endorsing the SDPJ chairman as prime minister. However, once the dust settled, the LDP as a political party had been hollowed extensively with an accompanying decline in leadership. Notwithstanding, the LDP remains Japan's largest political party and the future management of this party is a very serious issue.

If the NFP, which was established in opposition to the LDP, develops into a full-fledged political party, the public may have some confidence in that party, but the public has become somewhat disillusioned with it. The reason is that this party lacks any sense of newness. It is a political party that has Kaifu, a former LDP prime minister, as party leader, that is a political party where new and old coexist, and that has failed to clearly clarify its doctrines and policies. Bluntly put, it lacks appeal.

The LDP has failed to consolidate and the NFP has failed to establish momentum. In a situation where two forces like this confront each other, voters find nothing at all that interests them in the way of politics. Moreover, the earthquake took place and the overall political situation is very dismal. A path for escape from this situation must be established and the future will probably see questions posed about the establishment of such a path.

Doubts About the Direction of Politics

The credit association scandal has surfaced in such a situation. As can be seen by the resignation of Toshio Yamaguchi as deputy secretary general of the NFP, the significance of this scandal is of major proportions. In the past there have been such scandals as the Lockheed, Recruit, and Sagawa incidents, but they were of somewhat of a different nature. In the past there

have been scandals in which the receipt or nonreceipt of monies by politicians was questioned, but this is a case where credit associations on the brink of failure owing to reckless management are being salvaged by the Bank of Japan [BOJ] and the Ministry of Finance [MOF]. Reportedly, the decision was made during previous BOJ Governor Mieno's tenure for the sake of preserving financial order, but a look into the situation reveals that most of the depositors hold large accounts. Supposedly, the measure was taken for the purpose of providing relief to depositors, but the question is, are depositors with large accounts worthy of being extended relief?

Criticism that the decision was wrong has been voiced by Minister of International Trade and Industry Hashimoto and Minister of Home Affairs Nonaka. The criticism targeted the minister of finance. The situation will probably lead to disunity in the cabinet and will probably develop into a fairly critical dispute. If this issue should worsen, the Murayama cabinet will not survive.

This situation has some elements in common with earthquake countermeasures, but the political world is now plagued by the question of what issues should be handled by politicians and the government, and is it not a case where efforts are currently misguided.

Recently, an attempt was made to revamp special corporations as the first stage of administrative reform, but realistically, we face a situation in which the government has failed and many questions have arisen about what politics should produce and its capabilities to produce. It is my genuine feeling that the dubious approach of dragging along an SDPJ prime minister under those circumstances makes for a frightening situation.

Takemura Is a Key Person

Now we speak of the Yamahana group, but it must have been a strange fate that the Osaka-Kobe earthquake occurred on the very day that the split in the SDPJ was to take place. There is no mistaking the fact that the Yamahana group had felt a crisis wherein it felt that unless it found an early way out of the SDPJ, SDPJ legislators would become common citizens. Supposedly, under the new electoral system and the small electoral districts, Takako Doi will be the only SDPJ legislator to capture a seat, but this is really no joke and the potential for such an outcome is very real. This is why we can understand the argument that survival in politics requires that one form a third political force and avoid siding with the Murayama group.

However, the Yamahana group apparently lacks a following and, in fact, appears to be shrinking. A new

party must be backed by momentum, and the Yamahana group lacks a "leader." I am sorry to say so, but I question the capability of Yamahana or Kubo to serve as "leaders."

Fortunately, circumstances now call for a preservation of the status quo and the Yamahana group has withdrawn its application for withdrawal from the SDPJ having come to the conclusion that it is not the time to make a move. However, now that they have registered their desire to make a move, they cannot pretend that nothing has happened. It appears that the SDPJ will split in some way between the consolidated local elections at the end of April and the upcoming House of Councilors elections. The "Yamahana new party" may become even smaller, but it could very well be established.

However, between now and then, other actions may lead to the possibility of a much larger restructuring. In reality, talks are underway for a merger of the SDPJ and Sakigake [Harbinger] Party, and a decision has been made to establish a joint body for the advancement of discussions along such lines. If the SDPJ and Sakigake were to be merged in their current state, it would become a group of about 100 and the Yamahana group too may be absorbed in that merger.

However, Takemura is the one who has spoken of creating a third force, and public opinion has never taken the position that a two-party system would be the best system. If a third force were to be created and a search were made for a new leader, available candidates would be Takemura, Takahiro Yokomichi, and Hata. Yokomichi will eventually return to politics at the national level, and the atmosphere is such that it would not be strange for Hata to join such a group.

A possible problem in such a situation is that Takemura has maintained connections with two different organizations. He is currently part of the Kono group, but it would not be odd for him to become the leader of a third group. What sort of pacesetter Masayoshi Takemura, who has assumed the strongest of hostile relations with Ozawa, becomes in this year's political situation is very critical. In a sense, he can be referred to as a key person. They speak of three potential leaders for the LDP in the post-Murayama period, but in the sense of the overall political world, there are four candidates, including Takemura.

We are now in a period of turbulence. Under such circumstances, we need a professional—someone who can skillfully navigate the scene. In the political world of past times, we had hard-to-replace "mature professionals" such as Takeyoshi Miki and Shigeru Hori, but we

now have no such individuals. This is a very sad situation. After all, we face a situation in which politicians have performed "passively," and we lack politicians with moral strength. I get the feeling that we have reached the point where there are no worthy politicians available.

The same can be said about the manner in which the political parties handled endorsements for the gubernatorial elections in Tokyo and Osaka, a case where no one was available to take control over the situations. The lack of a prominent leader has led to the meandering of politicians with medium and small stature.

Pending Diet Issues, Political Outlook Viewed

OW2505020495 Tokyo NIHON KEIZAI SHIMBUN
in Japanese 21 May 95 Morning Edition p 2

[Interview with Taku Yamasaki, chairman of the Liberal Democratic Party's (LDP) Diet Affairs Committee, by unidentified NIHON KEIZAI SHIMBUN reporter; first of two interviews with political party officials in charge of Diet affairs; place and date not given — first paragraph is NIHON KEIZAI SHIMBUN introduction]

[FBIS Translated Text] Once the fiscal 1995 supplementary budget was passed, the focal issues in the final phase of the present Diet session, which will end on 18 June, are now the resolution on the 50th anniversary of the end of World War II and the vote of no confidence in the cabinet. We interviewed Taku Yamasaki, chairman of the LDP's Diet Affairs Committee, and Takenori Kanzaki, chairman of the New Frontier Party's (NFP) Diet Administration Committee, on various issues relating to steering the political situation.

[NIHON KEIZAI SHIMBUN] How would you assess the current Diet session?

[Yamasaki] Quite a number of difficult problems on a national scale have occurred, including the great Hanshin earthquake, the subway sarin incident, and the rapid appreciation of the yen. However, the Diet session has been managed successfully through cooperation between the ruling and opposition parties in a nonpartisan effort to deal with a very difficult national situation. The fiscal 1995 budget was also passed in a unprecedentedly short period of time. I greatly appreciate the understanding and cooperation shown by the Diet Administration Committee of the NFP.

[NIHON KEIZAI SHIMBUN] How are the prospects for passing the Diet resolution on the 50th anniversary of the end of the war?

[Yamasaki] There are three steps in policy coordination: within each party, among the three ruling parties, and between the ruling and opposition parties. I foresee

difficulties in all three stages, but there is no objection to the passing of a Diet resolution. I suppose it will depend on the contents. The concerned parties are engaged in patient discussions. I think a consensus will certainly be reached.

[NIHON KEIZAI SHIMBUN] One opinion is that there is no need to become obsessed with passing a resolution before the end of the current Diet session, and that it will be enough to pass the resolution before 15 August, which marks the end of the war.

[Yamasaki] There is no change in our decision to tackle the resolution during the current session.

[NIHON KEIZAI SHIMBUN] We have the impression that through policy coordination efforts, misgivings about the Social Democratic Party of Japan (SDPJ) have emerged inside the LDP.

[Yamasaki] Actually, I also have some misgivings. However, since we have gone this far with the coalition government, we would like to work patiently for further achievements. The distinguishing feature of this administration is that it is exceptionally efficient in dealing with issues on which the three parties have reached an agreement. The SDPJ, which was in opposition for a long time, is now a ruling party. Contrary to the superficial impression the administration gives, it is a stable government.

[NIHON KEIZAI SHIMBUN] Is the administration's solidarity degenerating, as demonstrated by reports of Prime Minister Murayama's remarks on the "limitations" of the coalition government?

[Yamasaki] Various contradictions are bound to come up over the course of a year. Like a car, the more it is used, the greater will be the need to tighten various nuts and bolts. To provide a fresh start, a decisive move to reshuffle the cabinet should be taken only after the Diet session ends, and after the meeting of leaders of the advanced nations (Halifax Summit). I think the mission and issues for the second Murayama administration should then be clarified and made the point of contention in the forthcoming upper house election. An administration does not last forever. It is bound to end. I hope Prime Minister Murayama will not consider dissolving the Diet, but persist in serving his full term.

[NIHON KEIZAI SHIMBUN] There have been various moves in anticipation of the "post-Murayama" period, such as plans for a "conservative-conservative" alliance.

[Yamasaki] The second stage of political realignment will come after the next general election. We are now at the preparatory stage. While the LDP and the NFP will

be the center of a two-party system, the problem is they do not differ much in terms of policy. The important issue for us is how to build an appealing party, and how to present appealing ideologies and policies.

[NIHON KEIZAI SHIMBUN] What will be the central issue in the political realignment?

[Yamasaki] Whether to amend or uphold the constitution. In the final and third stage of political realignment, this will probably be the central issue. However, this will probably occur 10 years from now.

[NIHON KEIZAI SHIMBUN] Are you saying both the LDP and the NFP will break up on the issue of amending or upholding the constitution?

[Yamasaki] Even now, there is a possibility of break up. However, any break up on this issue will not come for 10 years.

[NIHON KEIZAI SHIMBUN] What will you do if the NFP moves for a vote of no confidence in the cabinet?

[Yamasaki] Many people feel that if that happens, "the Diet should be dissolved immediately." I oppose this. Although upper and lower house elections technically can be held on the same day, it would be unthinkable to create a political vacuum at this stage.

[NIHON KEIZAI SHIMBUN] Will the policy clique "Group Shinseiki" act in unity at the LDP presidential election in September?

[Yamasaki] We have not decided whom to support as candidate for LDP president, but we will act in unity. The next general election will be an important one based on the new electoral system. We will decide on a candidate based on who will be most advantageous for the election campaign as the party's symbol.

[NIHON KEIZAI SHIMBUN] Is there a possibility of Shinseiki nominating a candidate?

[Yamasaki] None right now.

Opposition Seen to Kaifu as Shinshinto Head

952B0164A Tokyo SENTAKU in Japanese Apr 95
p 46

[Unattributed article: "View Smoldering Within Shinshinto That Party Head Kaifu Should Be Replaced"]

[FBIS Translated Text] A view that the party head should be replaced has begun to be expressed among former Komeito Diet members within Shinshinto [New Frontier Party].

When Shinshinto elected its party head in December last year, the former Komeito took a joint step with Shinshinto's Secretary General Ichiro Ozawa and strongly

supported the birth of party head Kaifu. However, those members now feel that this very person, Mr. Kaifu, "lacks leadership, and young members within the party simply pay no attention to him at all," and, what is more, there is little indication that the "Kaifu boom" will take place among the people. They are increasingly concerned that, if this situation is left intact, their party will be unable to tide over the upper house election scheduled for July and the next lower house general election. This is why they hold the above view.

The question is whom they have to push as the new head to replace Mr. Kaifu. It will in fact "conjure up too vivid a memory" if they support former Prime Minister Hata (deputy party head at present) who contested fiercely with Mr. Kaifu in the party head election. In this context, it is former Prime Minister Hosokawa to whom those former leading Komeito members are expectantly turning their eyes. This is because "his national popularity is still high and his decision-making capacity as a politician is also outstanding" (a former leading Komeito member).

According to Shinshinto's temporary rules, the term of office for the present executives, including Mr. Kaifu, will run until the next party convention to be held within a year of the formation of the new party, that is until December this year. Some of those former Komeito-related members predict that "at this point of time, we view that we may make a 'bring-down-Kaifu' proposal before this fall when the general election is presumed to take place."

SDPJ's Tanabe Urges New Party by Fall

OW2405074795 Tokyo KYODO in English
0722 GMT 24 May 95

[FBIS Transcribed Text] Tokyo, May 24 KYODO — Former Social Democratic Party (SDP) [of Japan, SDPJ] Chairman Makoto Tanabe is calling for the launching of a new party to replace the SDP by this fall.

Tanabe also said Prime Minister Tomiichi Murayama, the incumbent SDP chairman, should take responsibility if the party suffers a heavy defeat in the scheduled elections for the House of Councillors in July.

In an interview with KYODO NEWS SERVICE, Tanabe, 73, said the proposed new party should come into being "between the upper house elections and the autumn."

But he foresaw no drastic progress toward forming the new party at the party congress Saturday.

"Since the party has a long history, it is difficult to change things dramatically," he said.

Tanabe suggested that SDP Secretary General Wataru Kubo should quit his post to serve as a "stepping stone" for the SDP's metamorphosis.

Tanabe said he is looking for cooperation from former SDP Chairman Sadao Yamahana and other SDP members, who recently left the party after their efforts to create a new party failed.

"After the party congress, we will talk with them on what kind of steps to take and what the timing should be in order to achieve the goal. I would like to form a grand coalition with them."

The SDP is predicted to take a beating in the upper house poll, perhaps winning less than 20 contested seats. Tanabe said such a result would inevitably lead to finger-pointing at Murayama.

The SDP currently holds 65 seats in the upper house, and half of the house's entire seats will be contested in the July poll.

In the event of a big setback, "it would be an inevitable course of events for the party to try to shift the political situation," Tanabe said.

He also noted the importance of passing a significant Diet resolution to commemorate the 50th anniversary of the end of World War II during the current Diet session.

Asked about who should lead the new party, he named former Hokkaido Gov. Takahiro Yokomichi and Banri Kaieda, a House of Representatives member who leads a reform-oriented Diet bloc, as well as Kubo and Yamahana.

Aum Members Stole Tanks, Laser Equipment Data
OW2505134995 Tokyo KYODO in English
1256 GMT 25 May 95

[FBIS Transcribed Text] Tokyo, May 25 KYODO — Some Aum Shinrikyo members broke into a facility of Japan's largest defense contractor several times last December and stole data on tanks and laser equipment, police sources said Thursday [25 May].

The Metropolitan Police Department arrested Tatsuya Toyama, 27, sergeant second class at the Ground Self-Defense Force's (GSDF) elite paratroop unit, the same day on suspicion of breaking into the site of a research and development center in Hiroshima, western Japan, of Mitsubishi Heavy Industries Ltd. together with four other Aum members on the night of Dec. 28 last year.

Toyama, an Aum follower, has told investigators that he and some other cult members intruded into the facility several times with Aum intelligence unit chief Yoshihiro Inoue, 25, commanding the operations at the site, the sources said.

Toyama told investigators he kept watch in a vehicle and helped Inoue take out cardboard boxes containing documents.

After one of the intrusions, Aum members stayed at a Hiroshima hotel, where Inoue showed Toyama a document relating to laser equipment, the sources quoted Toyama as saying.

Police suspect the group wanted information on lasers as part of its armament plan, along with the cult's alleged production of lethal nerve gas sarin, they said.

The laser equipment explained in the document was apparently used to aim the main gun of a tank, the sources said.

Mitsubishi Heavy Industries said it researches laser technology at the facility, but has not studied military techniques.

Inoue is under arrest on suspicion of murder and attempted murder for the March 20 sarin attack on the Tokyo subway which killed 12 people and sickened 5,500 others.

Toyama's arrest came just after the Defense Agency dismissed him over the case.

The agency also suspended from duty a 24-year-old member of the paratroop unit for 30 days from Tuesday for allegedly handing information to the cult.

Hideo Nakamoto, 38, a researcher at the Mitsubishi research center and also Aum member, was arrested earlier in the day for his role in helping Toyama enter the center.

Toyama is also being investigated in connection with another case of trespassing, police said.

Defense Agency chief Tokuichiro Tamazawa told a press conference he has no plans to step down to take responsibility for a series of cases in which Self-Defense Forces (SDF) members have aided the cult.

"Under civilian control, I have the responsibility for investigating them to make the SDF reliable. It's rather irresponsible to step down while leaving this unclear," Tamazawa said.

Tamazawa suggested he will take punitive action against the commanders who supervised Toyama, the fifth officer the Defense Agency has punished for links to Aum Shinrikyo.

Tamazawa called the press conference after meeting with Prime Minister Tomiichi Murayama and being ordered to boost the morale of the entire SDF, a government spokesman said.

In late April, another sergeant second class at the paratroop unit and Aum member, Takahisa Shirai, was fired for alleged involvement in a staged firebomb attack on Aum's Tokyo headquarters March 19 in an attempt to confuse a police probe into the cult.

North Korea

Foreigners Support 'New Peace Mechanism'

SK2405153995 *Pyongyang KCNA in English*
1512 GMT 24 May 95

[FBIS Transcribed Text] Pyongyang, May 24 (KCNA) — Organisations of Mali and Ghana issued statements supporting the proposal of the Democratic People's Republic of Korea for establishment of a new peace mechanism.

Ousmane Maiga [name as received], chairman of the Anti-Imperialist Youth Union of Mali, on May 17 noted in the statement that the proposal of the DPRK to establish a new peace mechanism in place of the present Armistice Agreement with a view to dissolving the hostile relations between Korea and the U.S. and ensuring lasting peace and security in the Korean peninsula is a just step as the armistice watch body is nominal.

He emphasized that the U.S. should affirmatively accept the proposal for establishment of a new peace mechanism as the party responsible for the division and war of Korea.

On April 27, the Ghanaian National Institute of the Chuche Idea denounced the U.S. for staging joint war exercises with South Korea after promising to improve the relations with the DPRK. This is a vicious challenge to the proposal of the DPRK for a new peace mechanism, it said.

The statement pointed out that U.S. attempt to frighten the Korean people by military forces is completely contrary to the ideal of the progressive people of the world for peace. The U.S. must stop the war exercise against the DPRK, accept the proposal of the DPRK and give up any manoeuvre to use the provision of light water reactors as a political plaything, the statement noted.

South Accused of Obstructing DPRK-U.S. Accord

SK2405140995 *Pyongyang Korean Central Broadcasting Network in Korean*
1224 GMT 23 May 95

[NODONG SINMUN 23 May commentary: "What Befits Them Is a Clubbing"]

[FBIS Translated Text] There is a proverb in our country that says: There are three kinds of know-it-alls among

half-witted people. That is, they pretend to know even though they do not; they pretend to have even though they have not; and they think highly of themselves even though they are stupid.

This proverb holds true when one observes what the Kim Yong-sam ring is doing these days. As is known, an enormous gas explosion accident occurred in Taegu, South Korea recently. The accident was a catastrophe which brought about hundreds of casualties; mass destruction of buildings, facilities, and cars; and enormous confusion in the neighborhood.

It is universal practice to use gas pipes in cities and this does not pose a great safety problem. However, a gas explosion occurred from this kind of gas facility which resulted in hundreds of casualties. This shows that South Korea cannot even install a gas pipe properly, something that has become universal worldwide.

The accident suggests another problem, that there is a serious problem in South Korea's economy. South Korea's economy is a colonial subcontract economy transplanted from abroad.

Under outside pressure, the South Korean puppets have been dragging in things that have already been worn out morally and physically. Therefore, South Korea's economy is preposterously fragile. Below-cost exports are a synonym for South Korea's exports. This is why South Korea cannot but suffer a deficit every year.

Nevertheless, the South Korean ruling bunch entrusted with this economy has been recently bustling about talking about the so-called standard model atomic reactor and some kind of central role. This is indeed an unbecoming sight.

Do the South Korean puppets really have any face talk about some kind of central role and so on? After closely examining the reason for the Taegu gas explosion accident by South Korea's economic experts, they first of all said that the technological situation of South Korea's companies is preposterous. They believe that the accident occurred due to a combination of reasons — disqualified construction work, disorderly management, and careless carrying out of construction work.

Gas facilities were inspected as a result of the Taegu accident. It is said that many deficient gas pipes were discovered in Seoul. It is no coincidence that South Korea's paper TONG-A ILBO wrote that such large-scale accidents as the Taegu gas explosion can always occur.

The problem is that such danger related to gas facilities is a reflection of the overall weakness of the overall South Korean economy. When viewing even just the

construction realities of the atomic energy facility, many accidents occurred such as the collapse of the cement structures due to the wrong construction.

A Japanese nuclear scientist who looked over South Korea's nuclear facilities last year said that a great explosion could take place there in which over 400,000 people could die.

Recently in South Korea, a struggle opposing the construction of the Kurop Island nuclear waste dump has been carried out by the people. The act of the South Korean puppets is only resulting in anger and is based on the judgment that the safety of the people's lives and property cannot be guaranteed. Nevertheless, the Kim Yong-sam ring is trying to stick its face anywhere by talking about the so-called standard and so on. Where in the world are they trying to export disaster and calamities?

It is just for the bogus advertisement by the Kim Yong-sam ring to become a matter of criticism and ridicule within our nation as well as throughout the world. What cannot be overlooked is the purpose of the Kim Yong-sam ring walking about with this kind of ungrounded thing. Undoubtedly, this is barring the gate to implementation of the DPRK-U.S. agreed framework and aggravating the situation to crush the fellow countrymen. This is an imprudent act by those who are very ill-tempered and evil-minded.

There is something terribly wrong with those who are on the rampage, going out of their minds because they are not able to harm the fellow countrymen in view of the Korean nation. The only thing befitting them is clubbing.

South Blamed for U.S. Soldiers' Misconduct

*SK2505062395 Pyongyang KCNA in English
0611 GMT 25 May 95*

["Consequences of Flunkeyist Treacheries" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, May 25 (KCNA) — The Kim Yong-sam group transferred U.S. criminals to the U.S. military authorities and ordered police stations to protect the U.S. Embassy and other U.S. facilities with an increasing number of guards.

This came after a series of cases of violation of the national dignity and infringement on the lives and property of people by U.S. soldiers in South Korea, behaving like masters there.

Commenting on this, NODONG SINMUN today says the undisguised atrocities of U.S. imperialist aggression

forces in South Korea are consequences of the despicable flunkeyist treacheries of the Kim Yong-sam group.

If the Kim Yong-sam group had had a shred of national conscience, they would not have gone so far as to protect the murderers, far from punishing the aggressors who commit a group assault on Koreans almost every day.

It is self-evident that the U.S. imperialist aggression forces are engaged in outrages, looking down on South Korea because the traitorous Kim Yong-sam clique would humiliatingly kowtow to the aggressors and beg something of them without self-respect and their own principle.

If the outrages of the aggression forces are to be checked and the dignity and interests of the nation be defended, the Kim Yong-sam group of heinous flunkeyists and traitors must be overthrown first of all.

South Rally on 'Crimes of U.S. Soldiers' Noted

*SK2505055295 Pyongyang KCNA in English
0546 GMT 25 May 95*

["Elimination of U.S. Soldiers' Crimes Urged in Seoul" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, May 25 (KCNA) — Some 100 students and members of the headquarters of the movement for eliminating crimes of U.S. soldiers held a rally denouncing the crimes of U.S. troops before the U.S. military base in Yongsan, Seoul, on May 23, according to a report.

In a resolution, the ralliers said that the unequal "Status of Forces Agreement" between South Korea and the United States and flunkeyist stand of the South Korean "Government" have plunged South Korean people into the danger of crimes of U.S. soldiers, and demanded an official apology of the U.S. military authorities and a prompt revision of the "Status of Forces Agreement".

At the end of the rally, the protesters marched through streets, distributing to citizens copies of literature laying bare continuous atrocities of the U.S. soldiers.

ROK Said Covering Up Weak, Vulnerable Economy

*SK2505105195 Pyongyang KCNA in English
1040 GMT 25 May 95*

["They Had Better Mind Their Own Business" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, May 25 (KCNA) — The economy of South Korea is in a serious raw material, financial and technical crisis.

The Kim Yong-sam group are letting out deceptive utterances such as "standard-model reactors" and "pivotal role", turning away from the lamentable economic difficulties, at a time when even foreign news media say every day that the economy of South Korea is so withered and weak, that it is on the verge of bankruptcy.

Such utterances of the Kim Yong-sam group do not deserve a passing note, NODONG SINMUN in a signed commentary says, and continues:

The Kim Yong-sam group made the ridiculous remarks in an attempt to poke their nose into the implementation of the DPRK-U.S. framework agreement and lay obstacles to it and keep South Korean people from sympathizing with the ever growing potentials and vitality of the independent national economy in the northern half of Korea.

No matter what false propaganda the Kim Yong-sam group may engage themselves in, they cannot cover up the actual conditions of the weak and vulnerable colonial and dependent economy. Nor can they undercut the influence of the mighty independent national economy in the northern half of Korea.

Such utterances of theirs will more roundly reveal their true colors as colonial stooges who are overreaching themselves in an attempt to poke their nose into the affairs of others and do harm to the fellow countrymen.

The Kim Yong-sam group had better mind their own business.

Guyanese Seek Repatriation of ROK Prisoners

*SK2005104195 Pyongyang KCNA in English
1037 GMT 20 May 95*

[FBIS Transcribed Text] Pyongyang, May 20 (KCNA) — Leslle Ramsammy, leader of the United Republican Party of Guyana, and Rupert Roopnarine [spelling of names as received], co-leader of the Working People's Alliance of Guyana, sent letters to the president of the International Committee of the Red Cross on May 11, demanding the repatriation of unconverted long-term prisoners in South Korea.

Leslle Ramsammy in the letter said that the old Kim In-so, Ham Se-hwan and Kim Yong-tae want to be sent back to the Democratic People's Republic of Korea. He urged the International Committee of the Red Cross to actively cooperate in their efforts for justice and freedom.

Rupert Roopnarine in the letter said that the persevering refusal of the South Korean authorities to send back them so as to spend the rest of their lives with their families is an inhumane action and a violation of the

content and spirit of the international convention on prisoners of war.

The letters demanded that the International Committee of the Red Cross exercise its influence to meet the growing demand of the world public for their immediate repatriation.

Nepalese Urge Independent, Peaceful Reunification

*SK2005150395 Pyongyang KCNA in English
1502 GMT 20 May 95*

[Spelling of names as received]

[FBIS Transcribed Text] Pyongyang, May 20 (KCNA) — Meetings were held in Nepal on May 9 and 10 to express support for the independent and peaceful reunification of Korea.

Zagret Prasad Betwal, member of parliament and chairman of the Chitwan, Nepal, Committee for Supporting Korea's Reunification, said in his speech that the United States is the author of the division of Korea and should be responsible for it. "It should withdraw its aggression forces from South Korea at once," he held.

Kajinat Adhikari, member of parliament, said that the three principles of national reunification and the 10-Point Programme of Great National Unity advanced by the great leader President Kim Il-song are the most reasonable and fair way of reunification based on a scientific analysis of Korea's reality. Korea's reunification should be achieved in that way, he added.

Hiranya Lal Shrestha, member of parliament and chairman of the Makwanpur, Nepal, Committee for Supporting Korea's Reunification, said that the United States should withdraw its forces from South Korea at once and no longer do things obstructive to Korea's reunification. And he urged the South Korean authorities to immediately pull down the concrete wall and accept the DPRK's proposals for reunification.

KCNA Carries Kim Chong-il Letter to Chongnyon

*SK2505054495 Pyongyang KCNA in English
0526 GMT 25 May 95*

["On Developing the Movement of Koreans in Japan Onto a New Higher Stage," Letter of Comrade Kim Chong-il" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, May 25 (KCNA) — The great leader Comrade Kim Chong-il on May 24, 1995, sent a letter "On Developing the Movement of Koreans in Japan Onto a New Higher Stage" to the General Association of Korean Residents in Japan (Chongnyon) and compatriots in Japan on the occasion of the 40th anniversary of its formation.

Comrade Kim Chong-il said in his letter:

Chongnyon is a dignified organization of the overseas citizens of our republic formed and guided by the respected leader Comrade Kim Il-song. It is a *chuche*-type organization of our overseas compatriots, which is developing the movement of Koreans in Japan under the banner of the great *chuche* idea.

The movement is a national, patriotic movement of our compatriots in Japan, who were subject to harsh national oppression and maltreatment in the years of Japanese imperialists' colonial rule and are now fighting, as overseas citizens of an independent and sovereign state, for their national rights and interests and for their homeland and nation. In the years before Chongnyon was formed, the movement of Koreans in Japan had to suffer many tortuous events because it had no correct line suited to its character and demands. Repression by the Japanese reactionaries and the influence of a leftist line detrimental to the national, patriotic struggle of our compatriots in Japan laid grave obstacles in the way of their movement, damaged it seriously and drove it to the brink of collapse.

Analysing the real state of affairs in the movement of Koreans in Japan from the point of view of *chuche*, the great leader Comrade Kim Il-song set forth a policy on changing the line, a policy that the Koreans, though living in Japan, must fight for their homeland, their nation and the revolution in their own country. Thus he showed clearly the way to save the movement from the crisis and develop it into an independent, national, patriotic movement. The patriots and other Koreans in Japan under the guidance of the great leader worked hard to implement his *chuche*-orientated policy on the switchover of the line and at last inaugurated the General Association of Korean Residents in Japan on May 25, 1955.

The formation of Chongnyon was a brilliant fruition of the great leader's idea and his guidance of the movement of our overseas compatriots. It was a historic event which brought about a radical change in the development of the movement and in the lives of Koreans in Japan. The formation of Chongnyon enabled the movement to become a solid, national and patriotic movement guided by the *chuche* idea, and encouraged our compatriots in Japan to shape their destiny independently on the strength of the genuine organization of their own which represents and champions their national rights and interests. The formation of Chongnyon, which opened up an era of *chuche*-orientated movement of overseas compatriots, was a brilliant example in blazing a new path of the movement of overseas compatriots in the age of independence.

During the 40 years since its formation, Chongnyon has traversed a victorious road, breaking through many difficulties and trials. The 40 years of its advance represents a proud history in which it has exalted its dignity and honour as an organization of overseas compatriots of *chuche* Korea under the guidance of the great leader, as well as a glorious history in which it has championed the national rights and interests of our compatriots in Japan and contributed to the prosperity and development of its homeland and to the cause of national reunification.

Chongnyon has now become a strong mass organization with its ranks solidly built up organizationally and ideologically and with roots struck deep among the masses of compatriots. It has grown into an authoritative, powerful organization of our overseas compatriots, which is leading the movement of Koreans in Japan reliably along the road of *chuche* even in the complex and difficult conditions.

Chongnyon has achieved a great success in the struggle to safeguard the national rights of our compatriots in Japan by moving its organization and rousing the masses of the broad sections of the compatriots. It has made precious achievement by working hard in the patriotic cause of helping towards the prosperity and development of the socialist homeland and national reunification.

Chongnyon has opposed the unjust national discrimination policy of Japanese reactionaries and defended the democratic national rights and dignity of our compatriots. It has established a well-ordered educational system ranging from primary school to university, developed the work of national education and brought up the younger generation of our compatriots to be stalwart patriots. Our compatriots in Japan, who suffered all sorts of persecution, rightlessness and poverty in a foreign land in the past, now exercise their rights as overseas citizens of an independent and sovereign state, develop the national education and national culture and lead a decent life with national pride and self-confidence. They owe all this to Chongnyon which is waging an active struggle for their rights and interests by assuming the responsibility for their destiny.

In the trying situation in which imperialist and reactionary manoeuvres against socialism and our republic are ceaseless, Chongnyon and our compatriots in Japan have always fought staunchly in defence of their socialist motherland in the same ranks with the people at home without the slightest vacillation and exerted all their sincere efforts to promote its prosperity and development. Their motherland will always remember their noble, patriotic devotion to their socialist homeland.

Chongnyon has supported the policy of the government of our republic for national reunification and worked hard to realize it, stepped up the work of achieving national unity of our compatriots and given a strong support and encouragement to the patriotic struggle of the South Korean students and other people.

Chongnyon has strengthened friendship with the Japanese and many other peoples throughout the world, expanded and developed its ties with international bodies and organizations, and thus created favourable international climate for the movement of Koreans in Japan and made a great contribution to exalting the authority of our republic in relation to the external world.

There is no overseas nationals' organization in the world like our Chongnyon which even in the difficult conditions in a foreign land has built up a well-regulated system of its organizations from top to bottom, educational institutions, economic establishments, cultural institutions and the press, rallied the broad masses of compatriots solidly and is vigorously conducting a just national, patriotic movement. It is the pride of our republic and the nation's honour that we have the powerful organization of overseas compatriots like Chongnyon, which is unfailingly loyal to its leader, its nation and its homeland and confidently leads the movement of Koreans in Japan to victory.

I speak highly of Chongnyon which, in spite of all the difficulties and trials standing in its way in the past years, has fulfilled its honourable mission and duties successfully and thus rendered distinguished services for the country and nation.

Referring to the tasks to develop the movement of Koreans in Japan onto a new higher stage, Comrade Kim Chong-il says:

Our party and our people are faced with the historic task of carrying forward and accomplishing the revolutionary cause of *chuche* pioneered and guided by the great leader Comrade Kim Il-song.

The Chongnyon officials and our compatriots in Japan must hold the great leader Comrade Kim Il-song in high esteem forever and do all the work of Chongnyon as he intended and hoped.

The respected leader Comrade Kim Il-song organized and guided Chongnyon. He was the benefactor of revival to our compatriots in Japan.

The Chongnyon officials and our compatriots in Japan must always remember the fatherly leader's life-long efforts to strengthen and develop Chongnyon and the movement of Koreans in Japan and his boundlessly warm benevolence shown for them, and hold him in

high esteem with their purest minds forever. Cherishing their constant loyalty to him, they must arm themselves more solidly with his revolutionary idea and add lustre to his immortal achievements of leadership to the movement and thus strengthen and develop Chongnyon forever as an overseas compatriots' organization of Comrade Kim Il-song.

The *chuche* idea, the great leader's revolutionary idea, is the guiding idea of Chongnyon and the guiding banner of the movement of Koreans in Japan.

Chongnyon must advance under the unfurled banner of the *chuche* idea in the future, too, implement this idea to the letter in the movement of Koreans in Japan so as to demonstrate the justice of the *chuche*-orientated movement of our overseas compatriots and highly display its might.

The movement of Koreans in Japan is a noble patriotic movement for the nation, a movement whose basic mission is to fight for their national rights, the prosperity and development of their socialist homeland and national reunification. It is an overseas compatriots' movement which is being conducted in very complex and difficult conditions because of the characteristics of its origin and fighting environment. Chongnyon and our compatriots in Japan must step up the national, patriotic struggle in keeping with the basic mission of their movement and real conditions and advance the movement onto a new higher stage.

Defending the democratic national rights and interests of our compatriots is a central task to which Chongnyon must invariably adhere in its patriotic activities.

Thanks to the stubborn struggle of Chongnyon and the Korean compatriots in Japan, great successes have been achieved in the work of defending their democratic national rights. However, many of their inalienable national rights are still being infringed upon. This is the aftermath of the Japanese imperialist colonial rule which imposed untold hardships and sufferings upon our nation in the past; it is also the product of the Japanese authorities' hostile policy towards our republic and Chongnyon. The infringement on the national rights of the Korean citizens in Japan is the violation of the sovereignty of our republic. This act of suppressing the rights to independence of another nation and the citizens of another country and violating the recognized norms of international laws is intolerable. This practice must be abolished without delay.

Chongnyon must fight more resolutely to ensure that our compatriots in Japan defend the citizenship of our republic and completely exercise all the democratic national rights such as their human rights, the rights to ex-

istence and to enterprise as well as the legitimate rights recognized by international laws. It must fight strongly against all the institutional and administrative discriminative measures and outrages, aimed at restricting and infringing on the democratic national rights of the Korean compatriots in Japan and persecuting and repressing them.

The national education of Chongnyon is extremely important work for defending the national traits of our compatriots in a foreign land and bringing up the younger generation to be reliable successors to the movement of Koreans in Japan.

Chongnyon must establish *chuche* in national education, steadily improve its quality and improve the content and methods of education in keeping with the local situation.

Chongnyon must pay deep attention to increasing the sense of national independence among our compatriots and preserving their national characteristics.

Wherever they live, our compatriots must preserve their national traits without losing their national spirit, and must take pride and self-confidence in being the members of the Korean nation.

Fighting in defence of their socialist homeland and for its prosperity and development is a noble national duty of Chongnyon and the Korean compatriots in Japan.

The genuine motherland of our people is the people-centred socialist homeland which was established and guided by the great leader.

The overseas Korean compatriots, though living in a foreign land, must always remember their socialist motherland and should work hard to make their country, their motherland, still more prosperous. Those who truly love their motherland and strive for its prosperity and development are genuine patriots.

All our overseas compatriots must have an ardent love for their socialist motherland and make a characteristic contribution to its prosperity and development, men of strength contributing their strength, people with money contributing their money and intellectuals contributing their knowledge.

Chongnyon and our compatriots in Japan must fight resolutely to smash the enemy's reactionary ideological offensive and all other machinations against our republic and defend their socialist motherland.

The reunification of our country is the cherished desire of the whole nation and the supreme national task.

Chongnyon must further step up the movement for reunification in keeping with the present situation with regard to reunification and its task.

The great leader Comrade Kim Il-song set forth the three principles of independence, peaceful reunification and great national unity, the idea of reunifying the country by forming a confederation based on one nation, one state, two systems and two governments and the ten-point programme for the great unity of the whole nation for national reunification. These are absolutely correct and reasonable principles and method of national reunification in that they fully conform to the fundamental interests of our nation and reflect in full the prevailing situation of our country and the demand of people from all social strata. Chongnyon must organize and mobilize broad sections of our compatriots for the struggle to support and implement the principles and idea of national reunification set forth by the great leader.

Chongnyon must fight more dauntlessly to oppose, check and frustrate all the moves of the United States and the South Korean rulers to obstruct national unity and the country's reunification and strain the situation on the Korean peninsula.

Chongnyon must conduct intensive external propaganda and diplomatic activities true to the ideals of independence, peace and friendship as maintained by our republic to strengthen international solidarity with the just cause of our people and the movement of Koreans in Japan. It must strive to cement friendship with the Japanese people, promote its relations with personages of Japanese political, social, academic and press circles and in all other fields, unite with the world people who aspire after independence and develop its relations with international organizations and bodies.

Comrade Kim Chong-il put forward the tasks to consolidate Chongnyon organizationally and ideologically and enhance its role for the development of the movement of Koreans in Japan.

He expressed the firm belief that all the Chongnyon officials and our compatriots in Japan will strive more vigorously under the unfurled banner of the *chuche* idea, united solidly behind the Central Standing Committee of Chongnyon, and achieve a fresh victory in the movement of Koreans in Japan.

Tokyo Meeting Held on Letter

*SK2505104195 Pyongyang KCNA in English
1031 GMT 25 May 95*

[FBIS Transcribed Text] Tokyo, May 24 [date as received] (KNS-KCNA) — A central meeting of Koreans in Japan was held at the Korean House of Culture in Tokyo on May 24 to convey a letter sent by the great leader Marshal Kim Chong-il on the occasion of 40th

anniversary of formation of the General Association of Korean Residents in Japan (Chongnyon).

Attending it were Chairman Han Tok-su, First Vice-Chairman Yi Chin-kyu, Chief Vice-chairman Ho Chong-man of the Central Standing Committee of Chongnyon, other officials of Chongnyon and Korean residents in Japan.

Conveyed at the meeting was the letter of Marshal Kim Chong-il "On Developing the Movement of Koreans in Japan Onto a New Higher Stage" to Chongnyon and compatriots in Japan on the occasion of the 40th anniversary of its formation.

Yi Chin-kyu, first vice-chairman of Chongnyon, made an address at the meeting. He said that the historic letter of Marshal Kim Chong-il is an important guideline and a brilliant banner of victory clearly indicating the noble way for Chongnyon and Korean residents in Japan to hold the great leader Generalissimo Kim Il-song in high esteem forever and remain loyal to the leadership of respected General Kim Chong-il.

The Kim Chong-il era can be exalted in the movement of Koreans in Japan as well as the fatherland of *chuche* when the historic letter is thoroughly implemented, he said, and appealed to entire officials of Chongnyon and Koreans in Japan to successfully carry out the tasks set out in the letter and live up to the great political trust and boundless love of the marshal with a single heart of loyalty and filial piety.

A letter of thanks to Marshal Kim Chong-il was adopted at the meeting.

Academics Meet in Japan on Chongnyon Anniversary

*SK2405131495 Pyongyang KCNA in English
1011 GMT 24 May 95*

[FBIS Transcribed Text] Tokyo, May 22 [date as received] (KNS-KCNA) — An academic symposium of Korean social scientists in Japan took place at Korean University in Tokyo on May 20 and 21 on the occasion of the 40th anniversary of the formation of the General Association of Korean Residents in Japan (Chongnyon).

In his speech at the symposium, Ho Chong-man, chief vice-chairman of the Central Standing Committee of Chongnyon, said that, in order to greet the 40th anniversary of the formation of Chongnyon, the Korean social scientists in Japan should defend respected General Kim Chong-il politically and ideologically, uphold him scientifically and theoretically and become mediators, strategists and practitioners who try to implement his idea and theory, thus making positive contributions to carrying out the historical task of Chongnyon.

Then, Pak Yong-kon, chairman of the Association of Korean Social Scientists in Japan, delivered a report.

The academic symposium heard keynote reports titled "Leadership Feats of the Great Leader Marshal Kim Chong-il Are Valuable Assets Which Make It Possible To Hold the Respected Leader Generalissimo Kim Il-song in High Esteem Forever and Strengthen and Develop Chongnyon Into a True Overseas Koreans' Organisation of *Chuche* Type" and "On the Movement of Koreans in Japan Which Has Entered a New Period of Historical Change and on Role of Korean Social Scientists in Japan." After this, departmental discussions were held.

A letter to the great leader Marshal Kim Chong-il was adopted at the academic symposium.

National Leaders Meet on Chongnyon Anniversary

*SK2405213395 Pyongyang KCNA in English
1549 GMT 24 May 95*

[FBIS Transcribed Text] Pyongyang, May 24 (KCNA) — A national meeting to mark the 40th anniversary of the formation of the General Association of Korean Residents in Japan (Chongnyon) (May 25, 1955) was held today at the 6,000-seat theatre of the February 8 House of Culture.

Placed on the platform of the meeting hall was a portrait of the great leader President Kim Il-song against the background of the flag of the DPRK.

Standing there was a silk banner sent by the Central Standing Committee of Chongnyon to the great leader Comrade Kim Chong-il on the occasion of the 40th anniversary of the formation of Chongnyon.

Chongnyon was born in the thick of struggle to overcome and wipe out flunkeyism, dogmatism and chauvinism and establish *chuche* in the movement of Koreans in Japan, and it was the first organization of Koreans overseas of the Democratic People's Republic of Korea that fully embodies the *chuche*-oriented idea of President Kim Il-song on the movement of Koreans overseas.

The meeting was attended by Premier Kang Song-san and Vice-President Pak Song-chol who are Politburo Members of the C.C. [Central Committee], the Workers' Party of Korea [WPK], senior officials of the party and the government, Vice-Chairman of the Chongnyon Central Standing Committee Choe Pyong-cho, officials of Chongnyon and Japan-resident Koreans who are staying in the socialist homeland, Korean repatriates from Japan and working people in the city.

The participants in the meeting observed a moment's silence in memory of President Kim Il-song who

set forth the *chuche*-based idea on the movement of Koreans overseas, gave national pride and honour to them and showed as much loving care and solicitude as possible for them.

Secretary of the C.C., the WPK Kim Yong-sun delivered a report at the meeting.

Chongnyon is an organization of Koreans overseas which was formed and energetically guided by the great leader Comrade Kim Il-song by embodying the *chuche* idea and is a precious gain achieved by the Korean people in the struggle to realize the revolutionary cause of *chuche*, the reporter said.

He recalled that Comrade Kim Il-song, after the formation of Chongnyon, steadily paid deep attention to the strengthening and development of the movement of Koreans in Japan, indicated the road ahead of Chongnyon at each time and in each period and shown meticulous care for officials of Chongnyon and Koreans in Japan so that they could ceaselessly add lustre to the example of the *chuche*-based movement of overseas nationals.

The reporter further said:

Chongnyon has made its officials and Koreans in Japan genuine overseas citizens of *chuche* type and true patriots infinitely loyal to Comrade Kim Il-song and Comrade Kim Chong-il and cemented the singlehearted unity based on the *chuche* idea as firm as a rock.

It has expanded and strengthened steadily its mass foundation, frustrated the subversive and repressive moves of the enemy within and without so as to creditably defend its motherland, and actively endeavoured to safeguard the democratic national rights of Koreans in Japan as an advocate and thorough defender of their rights and interests.

In particular, Chongnyon invigorated and developed steadily the democratic national education, taking it as the lifeline in the movement of Koreans in Japan, thereby ensuring the inheritance of the blood of the patriotic movement with credit.

In hearty response to the "10-point programme of the great unity of the whole nation for the reunification of the country" advanced by Comrade Kim Il-song, Chongnyon has ceaselessly conducted the patriotic activities to attain national unity and realize national reunification in the 90s, thus performing a pivotal role in firmly uniting all Koreans overseas as pro-reunification patriotic forces and fanning the national reunification movement among them.

It launched vigorous work to carry into practice the independent policy of the government of the republic on external activities, contributing splendidly to creating

international circumstances favourable to national reunification.

The past 40 years covered by Chongnyon is a history of loyalty in which it has been infinitely loyal to Comrade Kim Il-song and Comrade Kim Chong-il as well as a history of genuine patriotism in which it has been boundlessly devoted to its motherland and its people by successfully embodying the immortal *chuche* idea, the reporter stressed, and went on: Chongnyon could strengthen and develop as ranks of loyalty and invincible ranks of patriots and glorify itself as a model of the movement of overseas compatriots worldwide, thanks to the outstanding leadership and whole-hearted care of Comrade Kim Chong-il.

Now Chongnyon has been built up creditably as an organization of citizens overseas in which compatriots of the younger generation keep alive the loyalty and patriotism displayed by the compatriots of the first generation who devoted themselves for patriotic work since its inauguration and as a powerful patriotic organization in which Korean traders and industrialists have become a driving force in conducting the national patriotic movement in a dignified manner. This has been possible because respected Comrade Kim Chong-il set forth a unique policy of building Chongnyon and has wisely led it.

Chongnyon should further strengthen and develop its organization as a patriotic organization of *chuche* unfailingly loyal to Comrade Kim Chong-il, in order to fulfil successfully the patriotic mission for the motherland and the nation, the reporter said.

Our party and the government of the republic firmly believe that Chongnyon and Koreans in Japan will uninterruptedly make noble patriotic activities for the motherland and the nation with intense loyalty to Comrade Kim Chong-il, thereby contributing splendidly to glorifying the anthropocentric Korean-style socialism and accomplishing the revolutionary cause of *chuche*, noted the reporter.

A speech was also made by Vice-Chairman of the Chongnyon Central Standing Committee Choe Pyongcho at the meeting.

Editorial Article Marks Chongnyon Anniversary

SK2505060095 *Pyongyang KCNA in English*
0553 GMT 25 May 95

["Papers Observe 40th Formation Anniversary of Chongnyon" — KCNA headline]

[FBIS Transcribed Text] *Pyongyang, May 25 (KCNA)*
— Papers here today hail the 40th anniversary of

the formation of the General Association of Korean Residents in Japan (Chongnyon) (May 25, 1955), a dignified organization of citizens overseas of the DPRK.

The formation of Chongnyon by the great leader Comrade Kim Il-song 40 years ago signified a historic event of epochal importance in development of the movement of Koreans in Japan and in the work and life of Japan-resident Koreans, stresses NODONG SINMUN in an editorial article titled "Proud 40 Years Covered by Chongnyon Under Banner of Chuche Idea".

The article says:

Over the past 40 years, officials of Chongnyon and Koreans in Japan have performed proud exploits in the patriotic cause for the motherland and the nation upholding the leadership of the great leader Comrade Kim Il-song and the great leader Comrade Kim Chong-il, turning out to be a splendid example of compatriots overseas and a model of genuine patriotism.

With the formation of Chongnyon, Koreans in Japan could, even in an alien land, have a political guide who leads them to patriotism with care, a bosom of mother substituting for the motherland, thereby taking the road of patriotism confidently and enjoying a proud and genuine life.

As a bosom of mother substituting for the motherland, Chongnyon has represented and defended the genuine rights and interests of the compatriots and safeguarded all kinds of democratic national rights such as the citizenship of the republic, the right to business, the right to national education and the right to returning to and travelling the homeland.

It has conducted the work of making the compatriots fervently love and resolutely defend the socialist motherland of chuche, thus greatly contributing to prosperity of the motherland. It has invigorated the work of national unity among compatriots overseas under the banner of great national unity and turned the national reunification movement into a mass movement embracing all compatriots, which is conducive to bringing earlier national reunification, a cherished desire of the nation.

Under the title "Warm Congratulations to Chongnyon on 40th Formation Anniversary," MINJU CHOSON in an editorial says the people in the homeland firmly believe that the officials of Chongnyon and Koreans in Japan will make greater success in the struggle to brilliantly adorn this year as a most significant year in the history of the movement of Koreans in Japan, with loyalty to the great leader Comrade Kim Chong-il and with the faith that the respected leader Comrade Kim Il-song is alive forever.

Chongnyon Official Praises Kim Chong-il

SK2405154995 Pyongyang KCNA in English
1533 GMT 24 May 95

[FBIS Transcribed Text] Pyongyang, May 24 (KCNA) — Pyongyang-based newspapers today each devote one whole page to an article on the great personality and leadership traits of the great leader General Kim Chong-il under the title "21st Century Will Shine as Kim Chong-il's Century."

It was written by Yi Chin-kyu, first vice-chairman of the Central Standing Committee of the General Association of Korean Residents in Japan (Chongnyon), on the 40th anniversary of the formation of Chongnyon.

The article has the subtitles "Soul of Korea, Kim Chong-il Spirit," "Great Treasurehouse of Human Intellect," "Creations of Kim Chong-il Style in Korea" and "Under His Patriotic and Affectionate Care."

It reads in part:

Our nation and the progressive people of the world unanimously worship and highly praise respected General Kim Chong-il as the only leader who will lead the world with the faith of independence in the 21st century. He is famous as a genius of revolution and iron-willed brilliant commander for the immortal exploits he has performed in carrying forward the chuche cause pioneered by the great leader President Kim Il-song.

Our motherland is now renowned as a great model country which remains absolutely loyal to the cause of the leader without any "political vacancy" after his death. Such phenomenon is the first ever in the history of the international communist movement.

This country is filled with the soul of Korea, the Kim Chong-il spirit of holding President Kim Il-song in high esteem forever, remaining loyal to him and accomplishing his cause without fail.

The great leader general Kim Chong-il said:

"...My ultimate objective is to accomplish the leader's revolutionary cause of chuche generation after generation.

"This is what I pledge before the leader, the party and my comrades."

General Kim Chong-il regards unfailing loyalty to President Kim Il-song and accomplishment of his cause as his lifelong motto and his moral obligation. This is the essence of the Kim Chong-il spirit.

After President Kim Il-song passed away, the respected general set forth the slogans "The great leader Comrade Kim Il-song will always be with us" and "Let us arm

ourselves more firmly with the revolutionary idea of the great leader Comrade Kim Il-song." In his autograph new year message to the people, he called on them to courageously work in one mind and purpose to make the country and the motherland more prosperous as soldiers and disciples of President Kim Il-song.

He called all our people as well as himself soldiers and disciples of President Kim Il-song and aroused them in the effort to make the Kim Il-song nation shine all over the world. This greatly moved all people, touching their heartstring.

Thus, the Kim Chong-il spirit has been displayed as the soul of Korea.

With his brilliant ideological and theoretical activities, the respected general formulated man as a social being with independence, creativity and consciousness, placed man on the highest position, gave a most scientific exposition of the way of shaping man's destiny for the first time in history and perfectly outlined the features of socialist and communist society, an ideal society of humankind, and the short-cut to that society, where man's independence has been realised completely.

He systematized the man-centred *chuche* idea, established the *chuche*-based philosophical outlook on the world, social history, the leader, life, the revolution and morality and constantly developed in depth the idea, theory and method of *chuche*. His ideology and theory are the greatest in depth and width in the history of human thought.

In his famous work "Socialism Is a Science" he evolved the historical inevitability of socialism, the basic way of building it, the essence of socialist society, the motive force of its development and the essential advantages of socialism with philosophical theories based on his absolute trust in and affection for the people. This gave the progressive people of the world confidence in victory of socialism and clearly indicated the short-cut for humanity to take in the 21st century.

His famous works constitute a great treasurehouse of eternal value for human conscience because they always give correct answers to the questions of history and the times.

He is, indeed, the greatest of great men, who evolves a great idea and theory with a great philosophy.

He regards the people as "king," and officials as their faithful servants.

The people are the "king" in the Kim Chong-il era. This is unprecedented ever in the human history of politics.

In Korea, the leader believes in the people, who follow him with a single heart of loyalty and devotion. The

whole of society represents a large harmonious family in the Kim Il-song nation and Kim Chong-il's Korea. This singlehearted unity is an amazing historic event.

In our motherland, ideology, technology and culture develop as intended by the leader.

Korea owes its world-startling miracles to the super-human creative activities of the respected general, an almighty great man. In the true sense of the word, they are creations of Kim Chong-il style.

Under his guidance, world-startling historic creations take shape one after another. The time and the century promise that humankind will be moved and excited by greater creations in the 21st century.

The ages-old ideal of humankind will no doubt come true in Korea of Kim Il-song and Kim Chong-il in the 21st century.

It is the respected general who led Chongnyon and the Koreans in Japan to be the first among overseas Koreans to uphold the banner of Kimilsongism and set an example of the movement of overseas nationals in the world. It was also he who firmly ensured the inheritance of the blood of the *chuche*-oriented movement of Koreans in Japan, the blood of patriotism, as required by the developing situation characterized by the alteration of generations, and is leading Chongnyon and the Koreans in Japan to a bright future.

Under the rays of the great benevolent sun of guidance, Chongnyon and the Koreans in Japan have built dignified organisations ranging from the Central Standing Committee to prefectural headquarters, chapters and branches, organised businessmen, young people, women, educators, scientists, men of culture, athletes, religionists and students studying at Japanese schools under the influence of Chongnyon and firmly united all Koreans in Japan around it, despite the difficult situation in an alien land.

Judging from his personality, qualities, leadership ability and virtues, respected General Kim Chong-il is a peerless great man and prominent leader for all ages, who leads humankind not only in the present century but forever.

His grand appearance invites respect, reverence, admiration and praise from all people. He is exalting man-centred socialism under the banner of *chuche* in Korea in the East, even if socialism was frustrated in some countries. Like a tiger of Mt. Paektu, he is overpowering with the self-determined strategy the only superpower trying to stifle the DPRK. He is now leading the world with his decision and will.

As the 20th century is replete with glory thanks to President Kim Il-song, the 21st century will be the most glorious century in human history thanks to General Kim Chong-il.

NODONG SINMUN Urges UN Democratization

*SK2505061995 Pyongyang KCNA in English
0607 GMT 25 May 95*

["Democracy Should Be Brought to UN" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, May 25 (KCNA) — The non-aligned and many other countries the world over are strongly calling for democratisation of the United Nations and this is a just demand based on the actual conditions of the world organisation and its role, says NODONG SINMUN in a signed article today.

Fairness is vital for its activities, the article says, and continues:

A few powers exercise the prerogative and act arbitrarily going against the UN Charter in the organisation. Though the non-aligned and developing countries comprise the absolute majority of the organisation's membership, their positions are not guaranteed at a due level, with their will being neglected and their interests being encroached upon.

What is an important thing for democratisation of the United Nations is to deprive the five permanent members of the UN Security Council of the veto.

A few powers seek their interests and act arbitrarily, abusing the right.

On the evening of May 17, for instance, the United States exercised the veto as regards an anti-Israel resolution at the 3538th meeting of the UN Security Council, so that the resolution could not be adopted.

Israel had decided to deprive Arabs of 53 hectares of land in eastern kuds on the plea of "building dwelling houses for Jews."

The arbitrariness of the powers at the UN Security Council reached the extreme. As a consequence, world peace and security are gravely menaced.

Progressive countries around the world should conduct a powerful struggle for democratisation of the United Nations in order that the world organisation may discharge its mission and role with credit.

Cambodia's Sihanouk Will Not Recognize ROK

*SK2205045595 Pyongyang KCNA in English
0436 GMT 22 May 95*

[FBIS Transcribed Text] Pyongyang, May 22 (KCNA) — Cambodian King Norodom Sihanouk, when he met with the charge d'affaires ad interim of the DPRK Embassy in Phnom Penh on May 19, declared "Cambodia will never recognise the Seoul 'regime.' This is an invariable stand of me and the royal government."

He further said:

I am a follower of the chuche idea.

I will mix myself with the people for the reconstruction of my country, following the noble example set by his excellency the great leader Generalissimo Kim Il-song.

I revere and trust His Excellency Marshal Kim Chong-il, the great leader and supreme leader, who is successfully carrying forward the cause of his excellency the generalissimo, so ardently as I did the latter.

I will always remember all the support and solicitude extended by His Excellency Marshal Kim Chong-il to me and repay them even a little.

We will unconditionally and fully support all the lines and policies advanced by his excellency the generalissimo and his excellency the marshal, stated the Cambodian king.

Cambodian People's Party Delegates Visit

Arrive, Greeted by Hwang Chang-yop

*SK2305152795 Pyongyang KCNA in English
1505 GMT 23 May 95*

[FBIS Transcribed Text] Pyongyang, May 23 (KCNA) — A delegation of the People's Party of Cambodia headed by Say Chhum, member of the Standing Commission of the Central Committee [C.C.] and chairman of the Organization Committee of the party, arrived in Pyongyang today.

The delegation was greeted at the airport by Hwang Chang-yop, secretary of the C.C. of the Workers' Party of Korea; Kim Yang-Kon, vice-director of a department of the C.C. of the WPK; Um Liengcheat, charge d'affaires ad interim of the Cambodian Embassy in Pyongyang; and embassy officials.

Feted by Hwang Chang-yop

*SK2405043895 Pyongyang KCNA in English
0427 GMT 24 May 95*

[FBIS Transcribed Text] Pyongyang, May 24 (KCNA) — The Central Committee of the Workers' Party of Ko-

rea [WPK] hosted a reception at the Mansudae Assembly Hall on May 23 for the delegation of the People's Party of Cambodia headed by Say Chhum, member of the Standing Commission of the Central Committee and chairman of the Organisation Committee of the party.

In his address at the reception, Hwang Chang-yop, secretary of the WPK Central Committee, said that the unity and independence of Cambodia and its stability and peaceful development are a noble intention of his majesty the Cambodian King Norodom Sihanouk and the behest of the great leader of the Korean people Comrade Kim Il-song.

He wished the royal government, the people's party and people of Cambodia new success in their future patriotic cause to build a new Cambodia, independent, peaceful and prosperous.

The Workers' Party and people of Korea will in the future, too, make every possible effort to develop in scope the traditional relations of friendship and cooperation between the two parties, the two countries and two peoples which are based on the particular intimacy forged by the great leader Comrade Kim Il-song and the great leader Comrade Kim Chong-il and his majesty respected King Norodom Sihanouk, Hwang Chang-yop declared.

Say Chhum spoke next.

He said that the friendship and solidarity between the two countries and two peoples are forged by his excellency the great leader Generalissimo Kim Il-song and his majesty respected King Norodom Sihanouk.

The friendly relations between the two countries and the two peoples are not ordinary ones but are the most solid and intimate ones, he declared.

He expressed the belief that the friendly and cooperative relations between the two countries would strengthen and develop still further under the wise guidance of his excellency the great leader Marshal Kim Chong-il and his majesty respected King Norodom Sihanouk, declaring:

To this end, the People's Party of Cambodia will actively cooperate.

Hold Talks With Hwang Chang-yop

SK2505055395 Pyongyang KCNA in English
0529 GMT 25 May 95

[FBIS Transcribed Text] Pyongyang, May 25 (KCNA) — Talks between a delegation of the Workers' Party of Korea [WPK] and the visiting delegation of the People's Party of Cambodia [PPC] was held in Pyongyang on Wednesday.

Present there on the Korean side were Hwang Chang-yop, secretary of the C.C. [Central Committee] of the WPK, and officials concerned, and on the opposite side were members of the visiting delegation of the People's Party of Cambodia led by Say Chhum, member of the Standing Commission of the C.C. and chairman of the Organization Committee of the party, and Um Liengcheat, charge d'affaires ad interim of the Cambodian Embassy in Pyongyang.

The sides informed each other of activities of their parties and discussed the matter of developing friendly relations between the two countries and two parties.

The talks proceeded in a friendly atmosphere.

Deliver Gift for Kim Chong-il

SK2505104395 Pyongyang KCNA in English
1033 GMT 25 May 95

[FBIS Transcribed Text] Pyongyang, May 25 (KCNA) — The great leader Comrade Kim Chong-il received a gift from the visiting delegation of the People's Party of Cambodia [PPC].

The gift was handed to Hwang Chang-yop, secretary of the Central Committee of the Workers' Party of Korea, by Say Chhum, member of the Standing Commission of the Central Committee and chairman of the Organization Committee of the PPC, who is heading the delegation.

Cambodian, Other Groups at Kim Il-song Statue

SK2505055595 Pyongyang KCNA in English
0531 GMT 25 May 95

[FBIS Transcribed Text] Pyongyang, May 25 (KCNA) — A delegation of the People's Party of Cambodia headed by Say Chhum, member of the Standing Commission of the Central Committee and chairman of the Organization Committee of the party, and a delegation of the National Research Council of Thailand led by its Secretary General Aphirat Arunin, the chief of the Cultural Information Centre on the Democratic People's Republic of Korea, Lausanne, Switzerland and his party and a delegation of the Communist Youth League of China, on a visit to Korea, called at the statue of the great leader President Kim Il-song on Mansu Hill in Pyongyang to lay floral baskets and bouquets and make a bow with boundless reverence for him.

Lao People's Revolutionary Party Group Visits**Present Gift for Kim Chong-il**

*SK2105080495 Pyongyang KCNA in English
0801 GMT 21 May 95*

[FBIS Transcribed Text] Pyongyang, May 21 (KCNA) — The great leader Comrade Kim Chong-il received a gift from the visiting delegation of the Lao People's Revolutionary Party.

The gift was handed to an official concerned by head of the delegation Davon Vongsak, acting chairman of the Organization Committee of the Central Committee of the Lao People's Revolutionary Party.

Meet Hwang Chang-yop

*SK2205213895 Pyongyang KCNA in English
1522 GMT 22 May 95*

[FBIS Transcribed Text] Pyongyang, May 22 (KCNA) — Hwang Chang-yop, secretary of the Central Committee of the Workers' Party of Korea [WPK], today met and had a friendly talk with the visiting delegation of the Lao People's Revolutionary Party headed by Davone Vongsack, acting chairman of the Organization Committee of the Central Committee of the party.

The head of the delegation said:

Wherever we went during our Korean visit, we could witness the brilliant achievements made by the Korean people in the socialist construction under the wise leadership of Comrade Kim Il-song and Comrade Kim Chong-il, the great leaders.

I have learned much from the experiences of WPK.

Depart 23 May

*SK2505093895 Pyongyang Korean Central
Broadcasting Network in Korean
1300 GMT 23 May 95*

[FBIS Translated Text] The delegation of the Lao People's Revolutionary Party [LPRP] headed by Davon Vongsak, first vice chairman of the organization committee of the Central Committee of the LPRP, returned home via air on 23 May.

The delegation was seen off at the airport by the functionaries concerned, including Kim Yang-kon, vice director of a department of the Central Committee of the Workers Party of Korea.

Lao Youth Delegation Visits Kim Il-song Statue

*SK2105081895 Pyongyang KCNA in English
0814 GMT 21 May 95*

[FBIS Transcribed Text] Pyongyang, May 21 (KCNA) — A delegation of the Lao People's Revolutionary Youth Union headed by Venethong Luangvilay [spelling of name as received], secretary of the Central Committee of the Union, on Saturday visited the statue of the great leader President Kim Il-song on Mansu Hill in Pyongyang to pay homage to him. It laid a bouquet of flowers before the statue and made a bow.

The delegation arrived in Pyongyang on Saturday.

Thai National Research Council Group Arrives

*SK2405043595 Pyongyang KCNA in English
0422 GMT 24 May 95*

[FBIS Transcribed Text] Pyongyang, May 24 (KCNA) — A delegation of the National Research Council of Thailand led by its Secretary General Aphirat Arunin [spelling of name as received] arrived here on Tuesday.

It was met at the airport by Yi Chi-su, president of the Academy of Chuche Idea.

Kim Yong-nam Meets Algerian Ambassador

*SK2405044895 Pyongyang KCNA in English
0438 GMT 24 May 95*

[FBIS Transcribed Text] Pyongyang, May 24 (KCNA) — A film show and a cocktail party were arranged by the Ministry of Foreign Affairs on May 23 on the occasion of the 20th anniversary of the visit of the great leader President Kim Il-song to the Democratic and People's Republic of Algeria.

Algerian Ambassador to Korea Hanafi Oussedik and embassy officials were invited.

Present were Vice-Premier and Foreign Minister Kim Yong-nam and officials concerned.

The participants saw the Korean documentary "Great Life in 1994."

Speeches were exchanged at the cocktail party.

Minister at Gathering Marking Founding of Yemen

*SK2305043295 Pyongyang KCNA in English
0426 GMT 23 May 95*

[FBIS Transcribed Text] Pyongyang, May 23 (KCNA) — A friendly gathering took place on May 22 on the occasion of the 5th anniversary of the foundation of the Republic of Yemen.

Present on invitation were Mohamed Ali Ahmed al-Khamry [spelling of name as received], charge d'affaires ad interim of the Yemeni Embassy in Pyongyang, and embassy officials.

On hand were Yi Chong-chu, minister of general education and chairman of the Korea-Yemen Friendship Association, and officials concerned.

The participants saw an art performance given by art circle members of the Korea-Yemen Friendship Pyongyang Children Knitwear Factory and a Yemeni documentary film and conversed with each other, deepening the feelings of friendship.

Kang Song-san, Kim Yong-nam Greet Yemen

SK2505055695 Pyongyang KCNA in English
0543 GMT 25 May 95

[FBIS Transcribed Text] Pyongyang, May 25 (KCNA) — Kang Song-san, premier of the Administration Council of the DPRK, sent a message of greetings to 'Abd-al-'Aziz 'Abd-al-Ghani, prime minister of the Republic of Yemen, on the 5th anniversary of the foundation of the Republic of Yemen.

Expressing the belief that the friendly and cooperative relations between the two countries will continue to develop on good terms, the message wished him greater success in his work for the prosperity of the country.

Kim Yong-nam, vice-premier and foreign minister of the DPRK, sent a message of greetings to 'Abd-al-Karim 'Ali al-Iryani, deputy prime minister and foreign minister of the Republic of Yemen, on the same occasion.

Jordanian Independence Anniversary Marked

SK2405043195 Pyongyang KCNA in English
0418 GMT 24 May 95

[FBIS Transcribed Text] Pyongyang, May 24 (KCNA) — A meeting was held in Pyongyang on Tuesday under the sponsorship of the Korea-Jordan Friendship Association to mark the 49th anniversary of the Jordanian independence.

Present there were Yi Chin-su, chairman of the Korea-Jordan Friendship Association and vice-chairman of the Central Committee of the General Federation of Trade Unions of Korea, other officials concerned and working people in Pyongyang.

After a speech, a message of greetings to the king of the Hashemite Kingdom of Jordan was adopted at the meeting.

Ambassador Meets Mali Party Leader

SK2405150195 Pyongyang Korean Central Broadcasting Network in Korean
1200 GMT 21 May 95

[FBIS Translated Text] Yi Son-hoe, our country's ambassador to Mali, paid a courtesy call on (Ibrahima Ndiai), general secretary of the Executive Committee of the African Party for Solidarity and Justice of Mali, on 16 May.

In the meeting, the ambassador conveyed the greetings from the great leader [yongdoja] Comrade Kim Chong-il to General Secretary (Ibrahima Ndiai).

Expressing his deep gratitude for this, the general secretary asked the ambassador to convey the warm greetings from the leadership and all party members of the African Party for Solidarity and Justice of Mali to the great leader Comrade Kim Chong-il.

The general secretary expressed his satisfaction with the development made in the relationship of friendship and cooperation between the parties of Mali and the DPRK, while expressing his admiration at the fact that the DPRK had wonderfully built a model country of socialism and a DPRK-style socialism.

The general secretary pointed out that he would invariably support and back the Korean people's struggle for the reunification of the country in the future, too. The general secretary expressed his full support to our proposal for replacing the Armistice Agreement with a peace agreement, while stressing that he hoped that a brilliant victory would be achieved in the struggle of the Workers Party of Korea and the Korean people for the just cause.

WPK Greet Latin American Political Meeting

SK2505104695 Pyongyang KCNA in English
1036 GMT 25 May 95

[FBIS Transcribed Text] Pyongyang, May 25 (KCNA) — The Central Committee of the Workers' Party of Korea [WPK] today sent a message of greetings to the 5th conference of the leftist political parties in Latin America and the Caribbean.

The message expressed full support for and firm solidarity with their struggle against domination, subjugation and interference of the imperialists and for social justice and democracy, national independence and socialism.

It expressed the belief that the friendly and cooperative relations between the WPK and leftist political parties in Latin America and the Caribbean would further strengthen and develop in the joint struggle to achieve

the victory of the cause of anti-imperialism, independence and socialism. It also wished the conference great success in the work to oppose the "new liberalism" policy of the imperialists, promote regional cooperation and common interests and strengthen the unity and solidarity of the progressive forces.

Havana Fete To Hang Kim Il-song Portrait

*SK2305151295 Pyongyang KCNA in English
1502 GMT 23 May 95*

[FBIS Transcribed Text] Pyongyang, May 23 (KCNA) — A ceremony for hanging a portrait of the great leader President Kim Il-song was held at the building of the Organization of Solidarity of the Peoples of Africa, Asia and Latin America in Havana on May 19.

A portrait of President Kim Il-song was hung in the building amidst an enthusiastic applause of the participants.

Ramon Pez Ferro, secretary general of the organization, said in his speech that it was of weighty significance to hang a portrait of President Kim Il-song in the building and his immortal exploits for the Korean revolution and the world revolution would be handed down through generations.

Noting that President Kim Il-song directed a deep attention to the activities of the tri-continental people's solidarity organization from the first day of its foundation and extended full support and encouragement to it, he said that it is their great honor and pride to have hung his portrait in the building.

Bulgarian Photo Exhibit, Film Show in Pyongyang

*SK2505101295 Pyongyang KCNA in English
1003 GMT 25 May 95*

[FBIS Transcribed Text] Pyongyang, May 25 (KCNA) — A Bulgarian photo exhibition and film show were organized in Pyongyang on May 24 under the sponsorship of the Korea-Bulgaria Friendship Association on the occasion of the Bulgarian day of education, culture and Slav letters.

Present there were Kim Yong-su, vice-chairman of the Committee for Cultural Relations with Foreign Countries and concurrently vice-chairman of the Korea-Bulgaria Friendship Association, officials concerned and working people in the city.

Present on invitation were Bulgarian Ambassador to Korea Yordan Mutafchiev and his embassy officials.

The participants saw photos on Bulgaria and a Bulgarian feature film.

Kim Chong-il's 'Famous Works' Studied Abroad

*SK2205153095 Pyongyang KCNA in English
1512 GMT 22 May 95*

[FBIS Transcribed Text] Pyongyang, May 22 (KCNA) — Famous works of the great leader Comrade Kim Chong-il have been disseminated and studied in different countries.

A seminar on the famous work "On the Chuche Idea" was held by the Dar-es-Salaam, Tanzania, group for the study of Kimilsongism.

Speakers said that the chuche idea which is developed and enriched by His Excellency Kim Chong-il gives the most scientific exposition of man. Korea applied the chuche idea giving a correct view of man to be a most powerful country with independence, they said.

At a seminar on the work "Socialism Is a Science" which was held by the Malian group for the study of Kimilsongism-Kimchongilism, speakers said that Comrade Kim Chong-il expounded the scientific accuracy and truth of socialism with man at the centre and thus the world progressive people could have a firm faith in building man-centred socialism.

Seminars and reading sessions on the famous work "Let Us Advance Under the Banner of Marxism-Leninism and the Chuche Idea" were separately held by the Bulgarian group for the study of the chuche idea, the Zimbabwean Youth Centre for the Study of Kimilsongism, the group for the study of the chuche idea of students of the Dar-es-Salaam Technical College of Tanzania and the Lome group for the study of the chuche idea in Togo.

Paper Praises Kim Chong-il Idea of Socialism

*SK2505102795 Pyongyang KCNA in English
1013 GMT 25 May 95*

["Socialism Is Ideal of Popular Masses for Independence" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, May 25 (KCNA) — The great leader Comrade Kim Chong-il formulated that socialism is the ideal and revolutionary banner of the popular masses who are struggling for independence. This famous proposition indicates that socialism is an invincible idea and invariable truth, that socialism is the only way of justice of the popular masses and advance and victory of socialism is the law governing the development of history.

An article of NODONG SINMUN says this today and goes on:

Socialism is a universal ideal of humanity reflecting the social nature of mankind and an idea of national and human liberation reflecting the desire of all nations and people of the world for independence.

For mankind to advance along the road of socialism is the current of history nobody can block because socialism is the ideal of the popular masses.

Socialism is the ideal of popular masses because it embodies their intrinsic demand.

There are no social, class, political and economic causes and factors oppressing independence of the popular masses in socialist society.

Socialism is the most advanced social system free from exploitation and oppression of man by man, class antagonism, contradiction and inequality.

The socialist society regards man as the most precious being and it is man-centred society in which everything serves man.

The ideal of the popular masses can be realized only in socialist society where the popular masses take the position and rights as masters of everything.

Only under the socialist system the popular masses can become true masters of politics and society and can live and develop as such in conformity with their intrinsic demands and interests.

It is because in socialist society people own everything of society such as the state power and means of production and all conditions are fully provided so that they can exercise their rights and play their role as masters of society.

As the nature and ideal of the popular masses can never be changed, the way of the development of history toward socialism and communism will never change.

Socialism will revive and achieve final victory as it is the ideal and revolutionary banner of the popular masses.

Kim Chong-il Lauds Coal Mine, Rural Volunteers

SK2405144995 *Pyongyang Korean Central
Broadcasting Network in Korean*
1200 GMT 23 May 95

[FBIS Translated Text] The great leader [yongdoja] of our party and our people Comrade Kim Chong-il has highly regarded the functionaries and workers who are going into the difficult and arduous sectors of the socialist construction.

The following are the functionaries and workers who have been highly regarded by the great leader Com-

rade Kim Chong-il: (Pak Hung-chin), a director of an office of the Higher Education Research Institute at the Ministry of Higher Education under the Education Commission; (Chang Nae-se), a section chief of an agency under the Ministry of Foreign Affairs; (No Sang-chun), an instructor at the Ministry of Foreign Affairs; (Yun Chong-kwan), a driver; (Choe Ki-hwal), an instructor of the (?High-Quality) Metals Management Bureau under the Materials Supplying Commission; (Chang Ok-sil), a worker of the plant where Comrade (Kwon Tong-yon) is working; (Pak Yong-il), a worker at the Central Imported Goods Corporation under the Materials Supplying Committee; (Yi Chol-ho), a teacher at the Pyongyang University of Dramaturgy and Cinematics; (Pak Myong-chol) and (Han Yong-su), doctoral degree candidates at Kim Il-song University; (Kim Kwang-ho), a research worker; (Kim Yong-chol) and (Kim Kum-sun), workers; (Yun Hui-su), a worker at the Kim Il-song Higher Party School; and (Chu Yong-ku), a worker at the plant where Comrade (Choe Ho-sok) is working.

Realizing that a coal mine needs someone with the qualifications of an engineer, (Pak Hung-chin), a director of an office of the Higher Education Research Institute at the Ministry of Higher Education under the Education Commission, has presented to a party organization his determination to uphold the party with the increased production of coal from generation to generation by going into the Kumya Coal Mine. He is resolved to defend the foremost line of the people's economy forever, while training technicians on the spot there.

While upholding with their hearts the party's intentions to give vigorous support to the rural areas, (No Sang-chun), an instructor at the Ministry of Foreign Affairs, who has worked as a functionary at a central organization, and (Yi Chol-ho), a teacher at the Pyongyang University of Dramaturgy and Cinematics, who has worked as an educator, put forth the proposal that they would make contributions to the accomplishment of the party's agricultural policy by going into the rural areas and achieving bumper crops there.

The workers, including (Pak Yong-il), a worker at the Central Imported Goods Corporation under the Materials Supplying Commission, and (Chang Ok-sil), a worker at the plant where Comrade (Kwon Tong-yon) is working, have decided to go into the socialist rural areas with the single-mindedness to make contributions to increasing the grain production by shedding the sweat of loyalty on the seething plains of the cooperative farms.

(Pak Myong-chol), (Han Yong-su), and (Kim Kwang-ho), who have studied and worked at the highest edifice of science in the bosom of the party and the leader, and (Kim Yong-chol), (Kim Kum-sun), (Yun Hui-su),

and (Chu Yong-ku), the working youths of the new generation who know how to achieve rewards and happiness in their youth along the road to upholding the party's intentions, have also decided to settle down in the rural areas permanently and to bring into bloom the fatherly leader's lifetime wishes and the party's plan on the socialist rural construction.

Upon receiving a report about their acts of advancing into a coal mine and rural areas, the great leader of our party and our people Comrade Kim Chong-il highly regarded them, while saying that they are good comrades.

The hearts of the functionaries and workers, who are greatly honored to have been highly regarded by the great leader Comrade Kim Chong-il, are burning with the revolutionary enthusiasm to uphold the party leadership with single-hearted loyalty as the masters of the coal mines and farms who are defending the coal industrial sector — the foremost sector of the people's economy — and the socialist rural fortress from generation to generation.

Light Industry College Named After Han Tok-su

*SK2405044295 Pyongyang KCNA in English
0434 GMT 24 May 95*

[FBIS Transcribed Text] Pyongyang, May 24 (KCNA) — Pyongyang University of Light Industry, a training centre of light industrial personnel of the country, was Renamed Han Tok-su University of Light Industry.

On April 14, the great leader Comrade Kim Chong-il, with a view to defending the immortal exploits of the great leader President Kim Il-song in setting an example of the chuche-based overseas nationals' movement in world history, took a benevolent step to rename Pyongyang University of Light Industry after Han Tok-su, chairman of the Central Standing Committee of the General Association of Korean Residents in Japan (Chongnyon), who has made strenuous efforts to build up Chongnyon into ranks of patriots and loyal subjects over the past 40 years.

This is a very great honour given by Comrade Kim Chong-il to the officials of Chongnyon, a dignified and authoritative overseas Koreans' organisation of chuche type, and Korean residents in Japan and a clear expression of his great love for and trust in the entire teachers and students of the university.

A ceremony for renaming Pyongyang University of Light Industry Han Tok-su University of Light Industry was held on May 23.

It was attended by Choe Tae-pok, alternate member of the Political Bureau and secretary of the Central

Committee of the Workers' Party of Korea; Chang Chol, vice-premier of the Administration Council; Choe Ki-yong, chairman of the State Education Commission; officials concerned; children of Han Tok-su; Chongnyon officials and Korean residents in Japan who are staying in the socialist homeland as well as teachers and students of the university.

A name plate with the words "Han Tok-su University of Light Industry" was unveiled.

Choe Ki-yong made a report in connection with the renaming of the university, which was followed by speeches.

The reporter and speakers expressed their firm determination to hold the fatherly leader President Kim Il-song in high esteem forever and take an active part in the worthwhile endeavours to make the country, the motherland more prosperous in singlehearted unity around the great leader Comrade Kim Chong-il.

A resolution was adopted at the ceremony.

After it, the participants went round the educational facilities of the university.

Leaders Attend Meeting To Rename University

*SK2505093995 Pyongyang Korean Central
Broadcasting Network in Korean
0100 GMT 24 May 95*

[FBIS Translated Excerpt] A meeting to rename Pyongyang University of Light Industry to Han Tok-su University of Light Industry was held on the spot on 23 May.

Placed in front of the meeting place were portraits of the great leader Comrade Kim Il-song and the great leader [yongdoja] Comrade Kim Chong-il. Also placed at the meeting place were such slogans as "Long live the great leader Comrade Kim Il-song!" and "Long live the glorious Workers Party of Korea [WPK]!"

Attending the meeting were Comrade Choe Tae-pok, candidate member of the Political Bureau of the WPK Central Committee and secretary of the party Central Committee; Comrade Chang Chol, vice premier of the Administration Council; Kang Hyon-su, responsible secretary of the Pyongyang Municipal Committee of the WPK and chairman of the Pyongyang Municipal People's Committee; (Choe Pyong-cho), vice chairman of the Central Standing Committee of Chongnyon [General Association of Korean Residents in Japan]; Kim Su-ik, director of the General Bureau of Reception of Overseas Compatriots; Kim Chang-sok, vice chairman of the Light Industry Commission; teachers and students of Pyongyang University of Light Industry; children of

Han Tok-su, chairman of the Chongnyon Central Standing Committee; and functionaries of the Chongnyon and Japan-resident compatriots who are now staying in the socialist fatherland. [passage omitted]

New Scientific Films Released in North Korea

*SK2405132595 Pyongyang KCNA in English
1019 GMT 24 May 95*

[FBIS Transcribed Text] Pyongyang, May 24 (KCNA) — The Korean Scientific and Educational Film Studio recently released new scientific films.

The scientific film "Sepho Yam" introduces the high yields of improved yam in Sepho, Kangwon Province. It vividly shows that many counties of the country are planting yam for feed.

The scientific film "Separation and Use of Slag" introduces how to separate constituents of slag and how to use them and what is its prospect.

The scientific film "Breeding of Big Snail" deals with the method of breeding big snail which is known as a diet for longevity and its economic effectiveness.

The scientific film "Technical Innovation at May 10 General Factory" shows the experience of the workers of the May 10 General Factory in attaining a high and steady rate of production with technical innovations.

The studio also released films on scientific knowledge which will help toward enhancing the level of science and technology of the working people.

South Korea

U.S., DPRK Hold Nuclear Talks in Kuala Lumpur

Lunch Meeting; Talks Near 'Stalemate'

*SK2405113095 Seoul KBS-1 Radio Network
in Korean 1000 GMT 24 May 95*

[FBIS Translated Text] The members of the U.S. and DPRK delegations held a luncheon meeting today at a time when the negotiations to find a solution to the question of the light-water reactors are coming to a stalemate.

Correspondent Yi Hyon-chu reports from Kuala Lumpur:

[Begin Yi Hyon-chu recording] Yes. In today's luncheon, the United States tried to persuade the North that there would be no aftereffects in North Korea if it accepts the ROK-style light-water reactors since this would have no effect on the political situation of North Korea, and the supervising corporation for the construc-

tion of the reactors would play a mediation and coordination role between North Korea and the ROK.

In this connection, North Korea opposed the idea of the Korean Peninsula Energy Development Organization, KEDO, becoming the party placing the order for the light-water reactors to be supplied to North Korea and maintained that North Korea should be the party placing the order for the light-water reactors. North Korea added that the United States should supervise the construction of the reactors, have the right to sublet the construction project and change the design, and closely cooperate with North Korea.

In today's luncheon, the United States and North Korea discussed ways to secure a verification mechanism aimed at preventing the heavy oil to be supplied to North Korea from being diverted for military purposes, as well as a plan to prevent the corrosion of the spent fuel rods which have been taken out.

Prior to today's luncheon, our country and the United States held advance consultations at the U.S. Embassy. They checked the future schedule of the negotiations, and analyzed the U.S.-North Korea working-level talks held yesterday.

A diplomatic source based here in Kuala Lumpur said there were signs that the U.S.-North Korean talks were slowly coming to a stalemate, and added that North Korea might also intend to take advantage of the ongoing negotiations by looking good because the United States and North Korea are continuing their dialogue. [end recording]

Mutual 'Anger' in 24 May Talks

*SK2505084895 Seoul YONHAP in English
0841 GMT 25 May 95*

[FBIS Transcribed Text] Kuala Lumpur, May 25 (YONHAP) — The United States and North Korea restarted their senior officials' talks Thursday hoping to resolve differences over the type of nuclear power plants to be provided to the North under the framework agreement signed in Geneva last October.

The fourth day of talks were hurriedly arranged at the request of the North Korean delegation, according to an informed source here who added that "the United States delegation readjusted its schedule as the North Koreans wanted another round of talks."

The United States announced that Thomas Hubbard, deputy assistant secretary of state for East Asia and the Pacific, would hold an unofficial press conference Thursday morning, however the conference was cancelled.

The United States, however, did not think there was a need to hold further discussions after the two sides confronted each other with anger during the third round of talks held Wednesday over lunch, the source said.

Arriving at the American Embassy for the fourth round of talks was North Korean Vice Foreign Minister Kim Kye-kwan, chief delegate to the nuclear talks, who refused to respond to questions raised by reporters, just saying "We are discussing a full range of issues."

Sources here predict that the talks will have to continue until next week as the North continues to present proposals which are not realistic, but at the same time not showing their final offers.

Differences on KEDO 'Narrowed' 25 May

*SK2505090995 Seoul KBS-1 Radio Network
in Korean 0800 GMT 25 May 95*

[Report by Yi Hyon-chu from Kuala Lumpur]

[FBIS Translated Text] It was learned that the United States and North Korea, which are continuing the Kuala Lumpur talks to settle the light-water reactor issue, held full-dress talks this morning that were not scheduled beforehand and narrowed differences on some matters, such as the role of the Korean Peninsula Energy Development Organization [KEDO], among the pending technical issues related to the ROK-model light-water reactor.

It was learned that in today's talks the United States told North Korea that North Korea cannot place the order for the light-water reactor, and that, naturally, KEDO must place the order. In connection with the provision of the light-water reactor and its contract, the United States also explained to the North Korean side that KEDO and North Korea must only conclude the supply agreement and that the practical supply of the light-water reactor must progress through a commercial contract between KEDO and the main contracting company. In particular, in the portion on the commercial contract, it was learned that it was once again confirmed that KEDO should designate the main contractor and the supervising company established within KEDO must supervise the progress of construction and play the role of mediator between North Korea and the main contractor.

A diplomatic source in Kuala Lumpur said that in today's talks North Korea did not show strong rejection as it has in the past regarding such explanations by the United States, and even gave indirect indications that it consents to some matters.

Further on Alleged Misconduct by U.S. Soldiers

Beating Incident, Protest Noted

*SK2405120695 Seoul KBS-1 Radio Network
in Korean 1000 GMT 24 May 95*

[FBIS Translated Text] At around 2230 on 23 May, Bruce, 35, a sergeant first class of the U.S. Air Force in Osan, indiscriminately beat a certain Mr. Kim, 39, in the face and other parts of his body, inflicting on Kim an injury which will need two weeks of hospitalization. Kim was trying to stop a quarrel between Bruce and an ROK driver over a traffic accident on a crossroad in Seryu-tong, Suwon, Kyonggi Province.

In the meantime, about 600 college students of the Nam-chongnyon [Federation of General Student Councils of South Cholla Province], who were trying to visit the American Center in Kwangju in a gesture of protest this afternoon, staged a violent demonstration near the Namgang Bridge in Yangnim-tong for nearly an hour, throwing stones at the police who stopped them and denouncing the crimes committed by the U.S. troops.

Soldier, Wife Booked by Police

*SK2405120995 Seoul YONHAP in English
1144 GMT 24 May 95*

[FBIS Transcribed Text] Suwon, May 24 (YONHAP) — The Suwon police on Wednesday booked without physical restraint an American Air Force sergeant and his wife on charges of violating the law on violence.

A source at the South Suwon police station identified the booked as Sfc. [sergeant first class] Bruce, age 38, assigned to a U.S. Air Force unit at the Osan Air Base, and his wife, No Yong-ae, 31.

The source said that while in a dispute over a traffic accident near Seryu 2-tong, Kwonson-ku, Suwon around 10:50 pm Tuesday, Sfc Bruce allegedly struck a villager, Kim Chon-nae, a contractor, on the face when Kim told him to settle the dispute early instead of merely quarreling.

His wife, No Yong-ae, is suspected of having kicked Kim's 13-year-old daughter, Yon-chu, on the legs.

Sfc. Bruce was driving a car, Kyonggi 10-6-7375, when it clashed against a compact car driven by Cho Yong-sok, 41.

Police To Use 'Maximum Authority'

*SK2505110295 Seoul KBS-1 Radio Network
in Korean 1018 GMT 25 May 95*

[FBIS Translated Text] The police administration office today directed the police throughout the country to

execute their maximum authority to investigate within the scope of the ROK-U.S. Administrative Agreement if U.S. Forces in Korea soldiers commit crimes similar to those recently committed.

Meanwhile, the Citizens Coalition for Economic Justice issued a statement today urging both the ROK and U.S. Governments to generally amend the ROK-U.S. Administrative Agreement and insisting that our government should take a more active attitude toward the amendment of the agreement.

The South side's headquarters of the National Alliance for the Country's Reunification also issued a statement and urged the amendment of the ROK-U.S. Administrative Agreement, compensation for victims of U.S. soldiers' violence, and punishment of U.S. soldiers who commit violence against Koreans.

Paper Urges Revised SOFA

SK2505014095 Seoul THE KOREA TIMES in English
25 May 95 p 3

["News Focus" by city editor Pak Mu-chong: "It's Not Anti-Americanism But Friendship"]

[FBIS Transcribed Text] An old Korean saying states, "One mudfish makes the whole pool muddy." A western version says, "One scabbed sheep will mar a whole flock."

On a very bright Saturday morning, many people became upset, lots of them feeling a sense of humiliation or anger, upon watching TV news shows.

The TV showed a group of American servicemen in plainclothes trying to hide their faces in shame at a Seoul police station. They had ganged up against one man, and beat him.

To the eyes of TV viewers, they showed not the slightest gesture of repentance for their Friday night gang attack on a Korean citizen, who was trying to dissuade them from fondling a Korean woman in her 40s on a subway train.

In every-day life, people are involved in various sorts of troubles. One might engage in brawls. And it is quite easy to find stories about such conflicts in newspapers. Alcohol and hot weather add fuel to them.

But what made the people hot with anger was the way that the case of drunken U.S. soldiers was handled, not to speak of their haughtiness even after being taken to the police station by citizens.

Korean law enforcement authorities, in accordance with the "controversial" regulations of the Korea-U.S. Status of Forces Agreement (SOFA), had no choice but to hand

them over to the U.S. military without even a basic questioning session.

In contrast, Japanese police have the power to investigate such criminal case with suspected U.S. soldiers in their custody.

So far, SOFA has been a target of criticism for its contents, biased toward the U.S., and limiting criminal jurisdiction of the Korean Government over U.S. servicemen, civilian components or their dependents suspected of committing crimes.

The disputed clause reads that "if he (the accused) is in the hands of Korea, he shall, on request, be handed over to the U.S. military authorities...."

The Korean side is supposed to ask the U.S. side to severely punish the criminal suspects, as did the police in the subway assault case, although mounting public criticism encouraged them to interrogate the five whom they had earlier booked "criminally." The U.S. military authorities promised that the five would report to police today for questioning by Korean police "in the presence of a U.S. official."

In one word, Koreans are at a loss over how to cope with American soldiers' crimes because of the SOFA regulations enacted in 1966 when the Republic of Korea was a unilateral recipient of U.S. donations.

One can well imagine why scores of civic organizations created the "National Campaign for Eradication of Crimes by U.S. Troops in Korea" on Oct. 26, 1993, and why they established branches across the nation.

The Korean Government is to blame for such imbalanced SOFA regulations because, following "precedents," it has too easily given up even a small criminal jurisdiction.

Though belated, the government appears to be tucking up its sleeves to seek revision of unfair SOFA provisions in the wake of the subway incident and another gang assault by U.S. servicemen on a taxi driver Monday in Chunchon.

The campaigners said that an average of five crimes involving U.S. servicemen take place here per day, and more than 100,000 Koreans are suffering pain without due compensation.

Their basic goals are to never let American military criminals go unpunished, and to help Korean victims obtain proper compensation.

The Eighth U.S. Army authorities stationed in Korea are basically responsible for their soldiers' unruly acts. The solution is simple. They should put themselves in the shoes of Korean victims to U.S. soldiers' crimes.

It is not too much to praise the unswerving efforts and contributions by young U.S. soldiers far away from home to keep peace on the Korean peninsula, by deterring communist North Korea's provocations.

No matter what people in other parts of the world say, the blood-tied friendship between the peoples of South Korea and the U.S. is still solid.

Such a strong binational relationship should not be subject to damage by some reckless soldiers' misdeeds.

The recent U.S. servicemen's gang assaults on Koreans should not develop into an anti-American sentiment.

U.S. military authorities have to be sensitive to public sentiment following such incidents. Now is the time for them to take action to revise unfair regulations. Due punishment by Korean law of young soldiers committing crimes will be a good lesson to others.

The current SOFA provisions are not an advantage to the U.S. if they contribute to anti-American sentiment among Koreans.

The fact that Defense Minister Yi Yang-ho, in an unusual move, sent a letter to Gen. Gary Luck, commander of the U.S. Forces Korea, with regard to the subway incident testifies to the seriousness of the situation.

It is not through anti-American sentiment, but through friendship that people call for a revision of the unfair SOFA regulations.

Even just one mudfish that makes the entire pool muddy must be rounded up to make water clean for others.

Government Meeting Views SOFA Revision

SK2405113695 Seoul YONHAP in English
1118 GMT 24 May 95

[FBIS Transcribed Text] Seoul, May 24 (YONHAP) — A government meeting, convened Wednesday to deal with acts of violence involving American soldiers, expressed concerns over the recent cases of violence committed by American soldiers, a Foreign Ministry spokesman said.

He said the meeting decided to ask law enforcement authorities to conduct thorough investigation into the recent series of violence involving U.S. service members.

The meeting also resolved to promote amendments to those SOFA [Status of Forces Agreement] clauses deemed unfair to Korean citizens, the spokesman said.

The meeting, attended by officials from relevant government offices, was presided over by Yim Sung-chun, director-general of the Foreign Ministry's American Af-

fairs Bureau who is concurrently head of the joint Status of Forces Agreement (SOFA) Committee.

***Former Envoy on USFK Burden Sharing, Security**
952C0106A Seoul HANGUK ILBO in Korean
7 Mar 95 p 5

[Article by Kim Kyong-won, director of the Institute of Social Science and former ambassador to the U.S.: "The Security Role of the United States"]

[FBIS Translated Text] The U.S. Department of Defense [DOD] has announced that the United States will in the future maintain a 100,000-man-level force in the East Asia region. Against the 1992 report issued immediately after the end of the Cold War, in which the DOD suggested that the U.S. Forces stationed in the region would gradually be reduced, the 27 February "Report on Strategy for East Asia" made clear the U.S. will to continue its security role. What has prompted the U.S. Government to issue that report at this point of time?

In issuing the report, Washington seems to have taken into account the audiences at home and abroad. The foreign audiences include traditional U.S. allies and nations friendly to the United States, as well as forces posing threats, real or potential, to stability. To traditional allies (the ROK, Japan, Australia), Washington reaffirms that it will, regardless of the cessation of the Cold War, faithfully fulfill its treaty obligations. In Japan's case in particular, the United States finds it very important to put any misgivings to rest for the reason that should Japan ever decide that it cannot presuppose the U.S. security role, it could inevitably make a policy shift threatening the regional stability. With regard to the ROK, the U.S. Government seems to have seen the need to relieve it of apprehensions concerning the implementation of the U.S.-North Korea nuclear accord lest it should take actions rendering a nuclear issue resolution impossible.

Next, toward the Southeast Asian nations that are not allies but still view the U.S. role positively, the U.S. Government apparently saw it as appropriate to make its position clear. Of those nations, especially those taking a serious view of possible threats from China over territorial disputes and other issues are, in fact, hoping for the continued U.S. presence in the region while officially taking a somewhat ambiguous attitude.

Lastly, there are forces representing a threat (North Korea) and a potential threat (China) to stability. The message to North Korea is obvious. The DOD report makes it clear that the United States will not tolerate any North Korean move to destroy stability, regardless of the destiny of a peace treaty or the nuclear issue. The U.S. Government undoubtedly expects the "report"

to effectively serve as a deterrent to war provocations by North Korea. In respect to China, the DOD report makes clear the U.S. position against any attempt to seek hegemony in the region. China has traditionally posed as a power seeking hegemony in Asia. Moreover, it has lately been increasing its military power rapidly. So, China's economic growth can be a threat to the balance of power in the region. With this in mind, the report warns China against seeking hegemony in the region.

The U.S. Government is equally conscious of the audiences at home. U.S. public opinion these days has a shade of isolationist trends. At a time when the United States is no longer experiencing military threats to itself, why should it continue to bear military burdens all over the world? Moreover, allies are enjoying a free ride on their security when the U.S. economy is in difficulty, are they not? Clinton was elected President on the 1992 campaign pledge that he would give top priority to the economy; however, the Republicans—who gained the control of both the House and the Senate for the first time in nearly half a century in November last year—now call for preference to U.S. interests more vehemently than the Democrats. Conscious of this climate, the DOD highlights Asia's economic importance, noting that the U.S. security role not only contributes to the regional stability, but also serves as "a means to enhance U.S. influence."

The intent of the United States is clear. It is that although the Cold War has ended, it will continue its security role.

Then, what is our position? If Washington maintains the U.S. Forces in Korea [USFK] at the present level for the sake of U.S. interests, should we pay our share of the maintenance cost? Diplomatically, isn't it more in our interest to demand the withdrawal of the USFK rather? In fact, the ROK Ministry of National Defense has been engaged in a war of nerves with working-level DOD officials practically every year over monetary figures in the cost-sharing issue involving the USFK, while our media continued to suggest that the U.S. demands are unreasonable. However, we should consider a more fundamental issue first. Before finding an answer to the question of what the United States wants, we should know what we want ourselves. If the USFK presence is essential as a deterrence to North Korea's war provocations, an annual \$300 million, or 2 percent of our annual defense budget, is not a large amount as the ROK's share of the USFK maintenance cost. Our own judgment is important. The same thing can be said about the USFK presence being maintained regardless of North Korean threats. Do we really believe that Northeast Asia can have its stability—and we can have our nation's independence guaranteed—without the U.S. security role if only there is no threat from North

Korea? Or do we believe that there is the continued need for the U.S. security role?

The fact that the DOD report seeks to convince the U.S. people means that a majority of them could refuse to be persuaded. We should not commit the folly of believing, and responding to, the U.S. Administration's position as an immutable policy. Our policy should start from knowing what it is that we want for ourselves.

Press Views U.S. Invitation to Kim Yong-sam **95P30100A**

[Editorial Report] The 12 April Seoul press reporting on the July ROK-U.S. summit focused heavily on the White House's "unprecedentedly" early announcement of President Clinton's invitation to President Kim Yong-sam and the status of the "state visit." The press claimed that this not only reaffirms close ROK-U.S. ties, but that it is also a "warning" to Pyongyang.

The 12 April Seoul dailies' lead stories anticipate a July Kim-Clinton meeting following the announcement of President Kim's decision to attend the 27 July Korean War Memorial dedication in Washington. However, the timing of the White House's announcement—three and a half months in advance—which the press called "unprecedented," and the fact that the visit was called a "state visit" were reportedly "unexpected." Most dailies noted that in light of U.S. efforts to reduce the number of state visits, the White House's invitation shows the U.S. Government's respect for the ROK's increased importance. However, the liberal TONG-A ILBO suggested that Washington might have been preparing for the failure of the 21 April U.S.-DPRK nuclear talks when Washington would need a "political device," such as the July summit.

The conservative CHOSON ILBO noted that the White House announcement was made on 12 April, when the second round of U.S.-DPRK talks in Berlin began. The paper claimed that the White House action not only confirmed strong Seoul-Washington ties, it also warned Pyongyang that Washington is on Seoul's side. Other ROK dailies supported CHOSON ILBO and welcomed the White House action. The press expects the July summit to be "symbolic" and to renew and strengthen traditional ROK-U.S. relations, which will be a "warning" to Pyongyang. Moreover, Kim and Clinton, attending the Korean War Memorial dedication together, will be a reminder of the Korean war to Pyongyang, the press said.

The left-leaning HANGYORE SINMUN reported that although the summit topics will be dictated by the outcome of U.S.-DPRK nuclear talks, trade issues will

also be on Clinton's agenda. The paper added that if the talks fail, Clinton may ask Kim to soften the ROK's hard-line stance on the ROK-style light-water reactor.

TONG-A ILBO and the moderate HANGUK ILBO echoed HANGYORE SINMUN and added that besides trying to gain ROK trade concessions and further opening of its markets, Clinton will try to obtain Kim's full cooperation on international issues, such as UN and APEC matters, and on environmental and population issues.

U.S.-PRC Dispute on Taiwan Leader Visit Viewed

SK2505070895 Seoul TONG-A ILBO in Korean
25 May 95 p 3

[Editorial: "The U.S.-PRC Dispute and the Korean Peninsula"]

[FBIS Translated Text] The U.S. decision to allow Taiwanese President Li Teng-hui to visit the United States has evoked a dispute between the United States and the PRC, a dispute that has entered a serious phase. The PRC Foreign Ministry issued an unprecedented strongly-worded statement denouncing the U.S. decision; Foreign Minister Qian Qichen called Stapleton Roy, U.S. ambassador to the PRC, to warn him that if President Li Teng-hui's visit to the United States is realized, "a serious consequence will be created."

However, it seems the tug of war will continue in the relations between the two countries for the time being because U.S. President Clinton probably anticipated the PRC's possible counterreaction in advance.

It is believed the decision to allow President Li Teng-hui to visit the United States is because the Clinton administration has been unable to disregard pressure from the Republican-controlled U.S. Congress. In an effort to pressure the administration, the Senate Foreign Relations Committee adopted a resolution last March urging the Clinton administration to approve President Li Teng-hui's visit to the United States. The House International Relations Committee also adopted a similar resolution last April. It has also been reported that due to Taiwan's tenacious lobbying, the atmosphere in Congress has turned pro-Taiwan.

U.S.-PRC relations, which were very close in the past, have slackened since the strategic importance of the PRC was reduced in the aftermath of the collapse of the former Soviet Union. Furthermore, the PRC's diplomacy of pursuing an independent policy of expansionism has kindled frequent conflicts with the world strategies of the United States.

U.S.-PRC relations have become very complicated because of the disputes between them surrounding various

pending issues such as intellectual property rights, the trade dispute in connection with the textile quota system, human rights in the PRC, and PRC missile exports to Iran. Their relations further deteriorated following the PRC's recent underground nuclear test despite the strong objection of the United States.

Of course, it is difficult to view the U.S. decision to allow President Li Teng-hui to visit the United States as a signal of change in the U.S. policy toward the PRC and Taiwan. However, the U.S. Administration's use of its Taiwan card, coming at a time when the sixth anniversary of the Tiananmen incident is near at hand and when the political situation has become unstable due to the recent power struggle among the PRC leadership in preparation for the post-Deng Xiaoping era, can be viewed as an attempt to favorably settle pending issues between the two countries. It can also be viewed as an active attempt to vitalize economic relations with Taiwan, including its sales of weapons.

On the part of the PRC, however, President Li Teng-hui's visit to the United States will become an event that can shake the foundation of the PRC's diplomatic and reunification policy of "one China." The significance of President Li Teng-hui's visit to the United States will be very great, even though it is considered unofficial.

It is clear the Taiwanese Government will utilize President Teng's visit as a favorable opportunity to improve its relations with the United States. What is worse, Japan is going to cancel its grant aid to the PRC to protest its recent underground nuclear test.

What we are concerned about in connection with the U.S.-PRC dispute is whether it will adversely affect stability and peace on the Korean peninsula. The United States and the PRC should not recklessly rush to the brink.

Particularly, the PRC should not be negligent in playing its role expected by the ROK regarding the North Korean nuclear issue simply because it is in a dispute with the United States.

UNC Rejects DPRK Military Contact Proposal

SK2505051595 Seoul MUNHWA ILBO in Korean
25 May 95 p 1

[FBIS Translated Text] It has been confirmed that North Korea on the afternoon of 24 May proposed a general-level officers' contact between the United States and North Korea on 25 May at the duty officers' contact in Panmunjom.

According to the Defense Ministry, during the duty officers' contact in Panmunjom around 1300 on 24

May, the North Korean side said that North Korea "is reviewing the proposal of the United Nations Command [UNC] for a contact with the North Korean side," and that it proposed that "a meeting be held between the North Korean Lt. Gen. Yi Chan-pok and Maj. Gen. Smith, the assistant chief of staff of planning and management of the UNC, on the afternoon of 25 May to discuss the UNC proposal and various other issues."

The UNC, however, reportedly refused to accede to the North Korean proposal based on its current policy that a contact with the North Korean side should be made within the framework of the Military Armistice Commission.

Minister Urges 'Complete War Preparedness'

SK2505074595 Seoul YONHAP in English
0741 GMT 25 May 95

[FBIS Transcribed Text] Seoul, May 25 (YONHAP) — Defense Minister Yi Yang-ho presiding over a meeting of major Army, Navy and Air Force commanders Thursday said the Armed Forces must be thoroughly prepared for any "enemy provocations."

He noted tensions are mounting along the Demilitarized Zone as a result of North Korea's repeated violations of the Armistice Agreement, such as expelling Polish truce supervisors from North Korea, barring United Nations Command truce supervisors and journalists from visiting the North Korean section of the truce village of Panmunjom without first attaining permission, and North Korean soldiers crossing the Military Demarcation Line.

Under the circumstances, Yi urged the Armed Forces to maintain complete war preparedness through continued intensive training and exercises.

Referring to issues regarding the local elections, slated for next month, he told commanders to ensure fair elections in the Armed Forces, and warned them against any acts which may mislead the public regarding absentee voting in the military.

He also told the commanders to deal as soon as possible with complaints about the military that civilians voice.

Agreement on Southern Buddhists Visiting North

SK2405115595 Seoul YONHAP in English
1025 GMT 24 May 95

[FBIS Transcribed Text] Beijing, May 24 (YONHAP) — The projected visit to North Korea by the head of the South's Buddhist Chogye order has moved a step closer to reality as the two sides' Buddhist leaders tentatively agreed on his trip Wednesday.

The agreement came at a meeting held at the Landmark Hotel here in Beijing between three South Korean Buddhist leaders and as many Buddhist officials from the North.

The North Korean officials said they would like Rev. Song Wol-chu, chairman of the Chogye order headquarters, and three other Buddhist leaders to visit the North in a period from the end of July to early August this year.

The two sides decided to work out their concrete itinerary at later working-level contact.

Emerging from the meeting, one of South Korean delegates, Rev. Sin Pob-ta, vice chairman of the Buddhist Council for the Promotion of Peaceful Unification of the Fatherland, said the list of 20 Buddhist officials who will accompany Rev. Song Wol-chu to his visit to the North had already been delivered to the North.

Sin said that the North Korean delegation tried to link the planned visit with a joint prayer service at Panmunjom on Aug. 15. "But, we made it clear we cannot accept the idea because the Seoul government is against it," he said.

The southern officials suggested that the South's Buddhist circles would build a Buddhist hospital in North Korea and help rehabilitate Buddhist relics in the North, which the North agreed to discuss at a next South-North Buddhist contact.

The three South Korean Buddhist leaders present at the meeting were Rev. Song Wol-chu, Rev. Sin and Rev. Sol Song, project department director of the Chogye order headquarters.

Those from the North were Pak Tae-ho, chairman of the North Korean Buddhist league; Sim Sang-yon, chief secretary of the league; and Yu Song-chol, a standing member of the league.

Government To Permit Visit

SK2505061195 Seoul YONHAP in English
0556 GMT 25 May 95

[FBIS Transcribed Text] Seoul, May 25 (YONHAP) — The government plans to permit Rev. Song Wol-chu, chairman of the Buddhist Chogye order, to visit North Korea if he formally applies for permission.

A National Unification Board official said Thursday, "there is no legal procedures prohibiting Rev. Song's projected visit to the North. His application for permission to visit North Korea will be approved unless there is great changes in current situations."

Although the light-water nuclear reactor issue has yet to be resolved between the United States and North Korea, no extreme strains exist in inter-Korean relations, the official said.

South and North Korean Buddhist leaders agreed in Beijing Wednesday that Rev. Song and three other South Korean Buddhist leaders will visit North Korea via the truce village of Panmunjom between July 20 and August 5, and that North Korean Buddhist leaders will make a return visit to South Korea at a later date.

Rev. Song is thus expected to visit the North before Stephen Cardinal Kim Su-hwan is expected to make his tour of the communist country.

N-S Fund To Increase by 150 Billion Won in 1996

*SK2405141495 Seoul SEOUL SINMUN in Korean
24 May 95 p 3*

[FBIS Translated Text] The government plans to increase the amount of South-North cooperative funds by 150 billion won next year in preparation for the activation of economic, social, and cultural exchanges between South and North Korea. This is three times more than this year's funds. The goal is to have at least 500 billion won in the South-North cooperative fund by 1997.

In this connection, a Ministry of National Unification Board [NUB] official said on 23 May: "To create one trillion won in the South-North cooperative fund was an election promise by the highest-level authority, but there was a setback in this plan due to the sudden outbreak of the North Korean nuclear issue. However, since signs of activation are appearing such as the start of South-North economic cooperation this year, it was decided that 150 billion won in cooperative funds will be created next year to assist in the exchange and cooperative projects."

The NUB will draw up next year's budget reflecting such a plan and make adjustments with related ministers regarding this matter soon.

Firm Imports DPRK Gold, Silver Bars

*SK2505082295 Seoul MAEIL KYONGJE SINMUN
in Korean 24 May 95 p 9*

[FBIS Translated Text] The dress maker Sinwon has recently imported \$7.5 million worth of gold bars and \$250,000 worth of silver bars from North Korea, following its decision to import \$20 million worth of North Korean gold bars this year. Sinwon is active in importing North Korean gold in a bid to activate trade with North Korea prior to building garment and heavy industrial plants in North Korea, which has been agreed upon with North Korea.

***Businesses 'Skeptical' of Revised NUB Policy**

*952C0106C Seoul HANGYORE SINMUN in Korean
23 Mar 95 p 5*

[By reporter Kim Song-su: "Business Community Skeptical of the Government's 'North-South Economic Cooperation Revitalization' Measure: 'Can We Trust It This Time?' — ... Hoping for Simplified Procedures, Reduced Government Interventions; Resumption of Contacts With North Likely"]

[FBIS Translated Text] Na Ung-pae, deputy prime minister for the National Unification Board [NUB], has made it clear that the government will positively back up projects for economic cooperation with North Korea, but those directly involved, i.e., businesses, are not quite "impressed." A "wait-and-see" climate is prevailing.

The reason businesses reacted so cool-headedly is that the government policy dealing with economic cooperation with the North had been changing back and forth just too frequently. The government's way of doing things in this sphere—ostensibly promoting cooperation but at heart shackling it—has led to that mistrust.

Its wavering was repeated all over again on 22 March. At the very time when Deputy Prime Minister Na was speaking to reporters on vitalization of economic cooperation with the North, President Kim Yong-sam was addressing this year's Military Academy commencement exercises hollering for "punishment for North Korea." What is called economic cooperation is premised on the existence of North Korea as a partner. It is not the kind of thing that we can do alone, even if we wish to do so. Nevertheless, the two highest decisionmakers on North-South economic policy made conflicting remarks on the same day. The business world would naturally be confused. Immediately after Na spoke, business sources asked him if he had "cleared his comments with President Kim," an episode typically demonstrating how businesses perceive government policy.

Their mistrust is what the government incurred after it decided to reopen the economic cooperation program in November last year. Government officials decided to permit businessmen to visit North Korea, but then they — acting on instructions from Chongwadae — barred heads of business businesses from making such visits. A strict, gag rule was imposed on survey teams returning from North Korea; violators had to pay a high price. Basically, businesses would not venture into fields offering no prospects of profit; nonetheless, at a point where only eight enterprises' representatives had visited North Korea, the government labeled the situation as "overheated." It even came up with "allegations of

offering bribes" to North Koreans, pouring cold water on corporate contacts with North Korea. Such being the situation, it was quite natural that businesses made a smart-alecky response to the Na Ung-pae remark.

Nonetheless, in the wake of its latest announcement that it will positively back up North-South economic cooperation, enterprises are hoping that the government will not backpedal this time. They also hope that the government will make adjustments on some procedural and substantive points on which they have been feeling the need for corrective measures.

Under the current enforcement decree of the North-South Exchange and Cooperation Act, procedures governing the official approval of cooperation project applications are a two-tiered process: first, approval for the applicant, then approval for the project. In other words, the applicant is required to obtain the license for business cooperation first before signing a specific contract to start the business. Enterprises now want the two-tiered procedures to be merged. Precisely, that means a revision of the decree.

More importantly, however, business circles want the government to ease substantive restrictions on their discussions with the North Korean side, to some extent. While they meet with their counterparts in North Korea, they must naturally discuss many things with them, but the present government rule on such discussions, they complain, is too restrictive. A big business source says that "even when the North Korean side shows a high interest in one thing or another, we often cannot afford to respond to it because of our concerns about the government's reaction." "Enterprises have the pride that they are playing a role in the improvement of North-South relations. The government should back it up," he adds.

In response to the measure announced by the deputy prime minister, the Daewoo Group, which obtained a license in October 1992, plans to officially apply for the government's approval of its cooperation projects after obtaining assurances of its consent through behind-the-scenes contacts. And seven others including the Ssangyong, Samsung, LG, Hanwha, and Shinwon groups, plus two smaller companies—Yongsin Trading and Taedong Chemicals—are expected to again send officials to North Korea, or to get in contact with the North Korean side in Beijing, as a step toward obtaining their licenses.

In this process, how far the government will go in endorsing the cards they carry to the negotiating table will determine the future of the latest government measure.

***Article Notes 'Cool' PRC-DPRK Relations**

952C0106B Seoul CHUNGANG ILBO in Korean
23 Mar 95 p 5

[By correspondent Mun Il-hyon from Beijing: "Why the Friction in Sino-North Korean Relations? — the Rapid Progress in ROK-China Ties Also a Factor in That 'Discord'"]

[FBIS Translated Text] A U.S.-North Korea tug-of-war over the issue of the type of light-water reactors is intensifying as it continues after China's effort to talk Pyongyang into accepting the ROK-type reactors met with strong resistance by North Korean authorities and failed.

China's move to dissuade North Korea from its obstinate refusal to accept the ROK-type reactors was prompted by its own calculations that it should, on the principle of the Korean peninsula denuclearization, bring some change to the contest of power going in parallel endlessly.

Despite the date scheduled for agreement (21 April) being less than a month away, North Korea does not budge from its position, while the United States and the ROK also stick to their line that there are no alternatives. At the same time, there is a debate about UN sanctions against North Korea, adding to the tense situation. China has also been apprehensively concerned about the development.

China recognizes that the light-water reactors offered to North Korea cannot but be of the ROK-type. Furthermore, China was asked by the United States and the ROK to persuade Pyongyang.

So, China's assessment of the situation was that if North Korea was to accept the ROK-type reactors anyhow, it had better arrive at a compromise at a point where it can make the most possible gains rather than resorting to brinkmanship. That position was well demonstrated when China emphasized to North Korean authorities the need for them to take a "realistic" stance to move the issue on to a satisfactory settlement.

In context, it follows the same pattern that was unveiled when China last year signaled a strong warning to North Korea when the latter declared that it would independently replace the nuclear fuel rods, and when it persuaded North Korea to go to the negotiating table at a critical moment as a draft of UN sanctions against North Korea was being circulated in the wake of that declaration. China's concern is that although the negotiation card is good abuses of it might undermine the negotiating table itself.

Therefore, by urging North Korea to take what it referred to as a realistic attitude, China was in a way pressuring North Korea into accepting the ROK-type reactors.

North Korea refused to be persuaded, alleging a "threat to its system." However, China does not seem to be taking Pyongyang's contention without reserve. That is because the current North Korean stance strongly smells of the same bargaining tactic that Pyongyang used last year, i.e., using brinkmanship to make maximum gains.

Therefore, observers say, if the present standoff continues, it is unlikely that there will be any significant breakthrough at the Berlin session scheduled to begin on 25 March and there may be no agreement reached before the scheduled date.

The problem, however, is that the light-water-reactor issue has widened the gap between China and North Korea.

North Korea expressed its strong dissatisfaction with China, citing as the reasons 1) rapid improvements in Sino-ROK relations, and 2) China's cutback on the economic aid to North Korea.

A cool air has set in between the two countries since the visit to Seoul by Chinese Premier Li Peng in October last year. At the time, North Korea vehemently denounced the visit and Chinese leaders have since then not been using such fixed terms as "blood-cemented alliance" and "friendship fostered since the first-generation revolutionaries" at all. The Chinese Foreign Ministry has also been showing its displeasure about North Korea in various ways, downgrading the relationship to "good neighborly relations based on the five principles of peaceful coexistence" — a routine expression of state-level relationships.

On top of all this, now a fallout from the light-water-reactor issue has hit the Sino-North Korean relationship, sending it downhill, according to observers.

Koreans, Japanese Polled on Views of Each Other

*SK2405130195 Seoul HANGUK ILBO in Korean
24 May 95 p 1*

[FBIS Translated Text] It has been learned that while a majority of ROK citizens still have a negative view of Japan, the Japanese people, in contrast, have a relatively positive view of the ROK.

According to a poll on "the ROK and Japanese citizens' perceptions" conducted jointly by the HANGUK ILBO and the YOMIURI SHIMBUN on the 50th anniversary of the national liberation, 67.7 percent of the ROK citizens have a negative impression of Japan, whereas

a much smaller number of the Japanese people, 38.7 percent of those polled, have a negative view of the ROK. In particular, 49.8 percent of the Japanese people are said to have a favorable impression of the ROK.

In addition, a greater number (51.0 percent) of ROK citizens have a negative perception of the present ROK-Japanese relations, compared with a relatively smaller number (42.7 percent) of ROK citizens who have a positive view of those relations. On the contrary, the number (60.2 percent) of those Japanese who have a positive view of bilateral relations is twice as much as that (28.6 percent) of those Japanese who have a negative view of it.

The two peoples share the view that the acts committed by the Japanese Armed Forces during the Pacific War are a stumbling block to the improvement of relations between the two countries (71.3 percent of the ROK citizens polled and 70.6 percent of the Japanese citizens questioned are said to believe so). The two peoples generally have an optimistic view of the future of ROK-Japanese relations (53.9 percent of the ROK citizens polled and 59.3 percent of the Japanese citizens questioned are said to believe so).

With regard to the effect unification of the Korean peninsula will have on Japan, 39.5 percent of the ROK citizens think "this will generally have a bad effect on Japan"; 28.0 percent of them believe "this will generally have a good effect on Japan"; and 18.9 percent of them believe "this will not have much effect on Japan." In contrast, the Japanese citizens show a totally different response to this question: 31.8 percent of the Japanese citizens believe "this will not have much effect on Japan"; 28.4 percent of them believe "this will generally have a good effect on Japan"; and 16.4 percent of them believe "this will generally have a bad effect on Japan."

Meanwhile, a poll question asked the citizens of five other Asian nations — the PRC, Thailand, Malaysia, Indonesia, and Vietnam — about their views of the ROK, and 51.2 percent of the pollees say they have a positive view of the ROK.

EU Ends Antidumping Policy on Photo Albums

*SK2505005595 Seoul THE KOREA HERALD
in English 25 May 95 p 8*

[FBIS Transcribed Text] The European Union [EU] will discontinue its antidumping steps on its album imports from Korea June 1, Korea Trade Promotion Corp. said yesterday.

With the termination of the punitive measure, three types of book binder-type photo albums will enter into

the European market at lowered prices by paying tariffs ranging from 0 to 8 percent, the state-run company said.

Korea's album exports to the EU, which almost halved from \$27 million in 1988 to \$14 million last year, are expected to regain momentum with the move, it said.

Canada Appeals to WTO on Shelf-Life Rules

SK2505071895 Seoul YONHAP in English
0655 GMT 25 May 95

[FBIS Transcribed Text] Seoul, May 25 (YONHAP) — Canada has brought a complaint to the World Trade Organization (WTO) about the short shelf life imposed by South Korea on potable spring water and pork which Canada hopes to settle through WTO-arranged direct talks with South Korea.

Government officials said Thursday Canada had expressed its intention to take part in the WTO-arranged Korea-U.S. talks on South Korea's quarantine and shelf-life rules governing food, slated for early next month in Geneva, in an attempt to directly settle with South Korea its grievances concerning the short shelf-lives Seoul imposed on pork and potable spring water.

An official added that the government is likely to meet the Canadians' offer because separate talks would only complicate the issues.

Canada is demanding that Korea extend the shelf-life period of potable spring water from six months to at least one year, while saying it would present its position on pork's shelf life at the Geneva meeting, but Seoul is opposed to Canada's demands as it anticipates much public dissent against drinking water that has been stored for more than six months.

In the tripartite Geneva meeting scheduled for early June, the government will elaborate on its plan to extend the shelf-life of potable spring water on a step-by-step basis through 1998.

The official added that it was just recently that the country officially began importing potable spring-water which it started importing into the domestic market earlier this month.

Under the WTO charter, two WTO-member countries having "substantial" trade differences on an issue pending between them may settle the dispute through bilateral talks, and Canada appears to be drawing on this provision to settle its trade differences with South Korea.

Products Face Increasing International Barriers

SK2505061695 Seoul KYONGHYANG SINMUN
in Korean 25 May 95 pp 1, 2

[Article by Choe Chung-ung]

[FBIS Translated Text] Trade barriers blocking products made in the ROK are becoming greater.

The United States and the EU [European Union] used to be the major regulators for imports of ROK products, but now Japan, Australia, New Zealand, Taiwan, Canada, Latin America, and Russia have joined in. Trade regulations are indiscriminately expanding among both advanced and backward countries. The commodities have also expanded from textiles, garments, and color television sets to D-RAM, floppy disks, game software, telephone switchboards, and other technology products.

According to the Korea Trade Promotion Corporation and related industries on 24 May, the United States has decided to levy antidumping duties on or ban the import of 15 ROK products, including color television sets and telephone switchboards. The United States is also investigating the violation of patent rights by three ROK products: facsimiles, 16-mega D-RAM, and game software. ROK companies will face difficulties in exporting these products to the United States.

In the EU, 13 ROK products, including video cassette recorders and floppy disks, have had antidumping duties assessed on them or are under retrial. Four additional items — microwave ovens, video cassette recorder parts, excavators, and polyester film — are under investigation on antidumping charges.

Japan is blocking imports of ROK products by imposing non-tariff barriers, including import procedures and bidding qualifications, on 11 major ROK products. These are not the only countries strengthening trade regulations against the ROK.

Australia began investigating 22 ROK products in 1990, including automobile batteries, and levied antidumping duties on 11 products.

New Zealand investigated antidumping charges on six ROK products in 1991, including automobile batteries. Recently, New Zealand imposed a 47-percent antidumping duty on ROK batteries.

Taiwan imposed a 13.7-percent temporary antidumping duty on ROK plywood in May 1994. Canada has imposed antidumping duties on nine ROK products, including waterproof rubber, since 1990, and implemented a textile quota. Canada is also investigating ROK sugar on antidumping charges.

Mexico has imposed antidumping duties on or investigated six ROK products, including optic fibers, refrigerators, and cold-rolled steel sheets.

Brazil recently began investigating ROK shoes and textiles on antidumping charges. Argentina began investigating antidumping charges of ROK color television sets in 1992. The highest rate among duties levied on gas lighters and color television sets was 52 percent. Russia is expected to increase duties on ROK food, furs, telephones, recorders, and furniture by 5 to 10 percent beginning July this year.

Hwachon, German Firm Join To Make Auto Parts
SK2505003195 Seoul THE KOREA HERALD in English 25 May 95 p 8

[FBIS Transcribed Text] Hwachon Machinery Works Co. and Thyssen Industrie AG of Germany have signed a contract to set up a joint venture to manufacture equipment for producing automotive core components such as crank shafts and transmissions in Korea.

Thyssen Industrie AG, an automotive equipment unit of the Thyssen Group, will hold a 51 percent stake in the joint venture called Thyssen Production Systems (TPS)-Korea, capitalized at 2.5 billion won, while Hwachon, a local machine tools maker, will take the remaining 49 percent interest, a Hwachon spokesman said yesterday.

The agreement was signed May 9 by representatives of the two companies at the German company headquarters in Essen, Germany, he said.

Samsung Develops Advanced Heads for VCR's
SK2505001195 Seoul THE KOREA TIMES in English 25 May 95 p 8

[FBIS Transcribed Text] Samsung Electronics and Samsung Electro-Mechanics have jointly developed an advanced metal laminated [ML] head that will be used in the next generation of digital video cassette recorders and camcorders.

Samsung officials said yesterday that the ML heads have improved electrical and physical properties that the conventional ferrite and metal in gap heads cannot match and that they are suitable for use in digital as well as high definition VCRs and camcorders.

Owing to the fact that the ML heads are capable of attaining high recording density electrical loss can be minimized and higher processing speed can be attained. The new heads can be used in both analog and digital devices.

The global market for digital heads is expected to reach 250 million dollars by the turn of the century, by which

time Samsung Electro-Mechanics should be supplying 20 percent of total production.

Overseas Koreans Allowed To Retain Real Estate
SK2405132795 Seoul YONHAP in English 1105 GMT 24 May 95

[FBIS Transcribed Text] Seoul, May 24 (YONHAP) — The government on Wednesday decided to allow first-generation Korean compatriots overseas to retain their real estates in the country in consideration of the fact that many of them want to return to the country in their old age, according to a Foreign Ministry spokesman.

The current law calls on Korean compatriots abroad to dispose of their real assets in the country within three years after they emigrated.

A government meeting to discuss the issue of facilitating the globalization of overseas Korean compatriots by revising relevant domestic laws, also decided to permit the phased outflow of proceeds accruing from the sales of overseas residents' real estates in the country, the spokesman said.

The meeting, however, decided that officials of related government officials will soon meet to decide on the timing and extent of the outflow of such proceeds, according to the spokesman.

He said these will be decided on in consideration of the domestic economic situation as there exists the danger of excessive outflow of money from the country.

The meeting, presided over by Vice Foreign Minister Yi Si-yong, was attended by director-general-level officials of relevant ministries and government agencies.

A four-member family is currently allowed to take an average of 1 million U.S. dollars out of the country in resettlement and business funds.

The meeting, however, decided not to allow overseas Korean residents dual citizenship nor to set up a government agency solely in charge of overseas Korean compatriots, according to the spokesman.

In another measure to promote the interests of the overseas Korean compatriots, the meeting decided to allow overseas Korean compatriots to stay in the country for up to five years depending on the length of re-entry periods allowed by their host countries.

Those who have yet to finish their military service in the country are not eligible for the extended stay.

From next year, the spokesman said, Korean compatriots will not be subjected, on a gradual basis, to police

clearance of their personal records when they renew their passports every five years.

To further prompt Korean compatriots to join the country's globalization drive, the meeting decided to push ahead with a plan to establish databases on Korean residents in overseas countries so that domestic firms and government agencies could better use Korean brains abroad, according to the spokesman.

New Head of Russia-ROK Goodwill Group Named

SK2505111095 Seoul YONHAP in English
1055 GMT 25 May 95

[FBIS Transcribed Text] Moscow, May 25 (YONHAP) — The Russian Society of Friendship and Business Cooperation with South Korea on Thursday selected Vitaliy Ignatenko [name as received], director-general of the ITAR-TASS News Agency, as its new president.

Mr. Ignatenko replaces as association head Pavel Gusev, editor-in-chief of the newspaper MOSKOVSKIY KOMSOMOLETS.

Choosing the new president at its standing committee meeting held at the ITAR-TASS's conference room, the association resolved to step up cooperation with the South Korea-Russia Friendship Association.

Founded in July 1992, the Russian society, a non-governmental organization, has promoted cultural and personnel exchange programs in cooperation with various goodwill organizations of South Korea.

Seoul Denies Offering Aid to Sri Lanka

SK2505081295 Seoul YONHAP in English
0729 GMT 25 May 95

[FBIS Transcribed Text] Seoul, May 25 (YONHAP) — South Korea Thursday denied reports that the South Korean Government pledged economic assistance for Sri Lanka in exchange for the latter's withdrawal from the race to become a nonpermanent member of the United Nations Security Council (UNSC).

"South Korea has long ruled out such kind of conditional economic assistance in our relations with foreign countries," a Foreign Ministry statement said in response to reports published in a recent issue of U.S. NEWS & WORLD REPORT.

Sri Lanka withdrew its candidacy for the UNSC membership because the Sri Lankan Government decided not to compete for the seat after it launched a new government in September last year, the statement said, quoting a Sri Lankan delegate to the United Nations who delivered a speech announcing Sri Lanka's withdrawal.

Engineers To Join UN Peacekeepers in Angola

SK2505005495 Seoul YONHAP in English
0019 GMT 25 May 95

[FBIS Transcribed Text] Seoul, May 25 (YONHAP) — The South Korean Government plans to dispatch an army construction engineer unit to Angola in or around August to participate in the United Nations' peacekeeping operations [PKO] there, it was learned Thursday.

A government official said, "We've recently received a response from the United Nations accepting our proposal to send construction engineers to Angola. Accordingly, a construction engineer unit may be sent sometime around August."

The government previously rejected a UN request for South Korea to send engineer troops to Angola to aid in the removal of some 10 million land mines laid in the African country and instead offered to dispatch construction engineers to build roads and bridges.

The engineer unit will consist of about 200 military officers and men, the official said.

In response to last February's UN request for participation in its peacekeeping operations in Angola, a fact-finding mission toured Angola in April.

Senior Researcher Joins UN Development Program

SK2505081195 Seoul YONHAP in English
0723 GMT 25 May 95

[FBIS Transcribed Text] Seoul, May 25 (YONHAP) — Senior researcher Pak Ul-yong of the Korea Development Institute (KDI) has recently been appointed senior adviser to the United Nations Development Program (UNDP), a Foreign Ministry spokesman said Thursday.

Pak will work for the UNDP for approximately one year, providing advice on a variety of UNDP projects taking place in developing countries and raising funds for UNDP activities, the spokesman said.

The ministry expects Pak will contribute to the development of UNDP projects by employing the experiences of South Korea's development to the development of other countries.

KDI will allow Pak a one year sabbatical beginning June 1 in order that he may accept the UNDP position, the spokesman said.

***Kim Yong-sam Foreign Policy, Visits Assessed**

952C0105C *Seoul SISA JOURNAL in Korean*
16 Mar 95 pp 18-19

[Article by reporter So Myong-suk: "Huckster Diplomacy: Losses and Gains"]

[FBIS Translated Text] President Kim set out on 2 March for a tour of six European countries for summit diplomacy. So far his trip has covered France, the Czech Republic, Germany, and Great Britain, and he is scheduled to attend "the UN summit for social development" at Copenhagen, Denmark, on 11 March, climaxing his touring diplomacy. The press and broadcasters have been busy churning out flash reports on the presidential tour.

When he completes the current European tour, the fifth overseas tour since his inauguration, he will become the first ROK president to have traveled half the circumference of the earth, his trip now extending to Europe after covering the United States, Japan, China, Russia, the Philippines, Indonesia, and Australia on the previous four occasions. In view of the time he has been in office and the distance he has covered in his overseas tours, an evaluation of his peripatetic diplomacy is now in order.

President Kim's overseas diplomatic tours for these slightly over two years have undergone a change in character, a change that has both bright and dark sides depending on how you view them. What marks will you give him for his peripatetic diplomacy?

The most striking change that occurred in the previous four tours was the inclusion of businessmen in his entourage. Planning for a visit to the United States during his ninth month in office, President Kim saw to it that no group of businessmen was included in his retinue, breaking away from the common practice for his predecessors. The reason was that the inclusion of the heads of conglomerates in the entourage might raise suspicions of the existence of a cozy relationship between government and business. When his predecessors traveled abroad, they were accompanied by a group of the influential heads of big conglomerates. True, the presence of business leaders in the presidential entourages gave rise to all kinds of rumors. Particularly in former President Chon Tu-hwan's case, when he traveled abroad, he listened to the opinions of the accompanying business leaders aboard his chartered plane during the flight; and upon return home, it was customary for him to give pertinent instructions to the officials concerned on the basis of the in-flight conversations.

When President Kim visited China and Japan last March on his second overseas trip as president, no business

leaders accompanied him to Japan in the first leg of this two-nation tour. But during his visit to China, where the question of permitting Korean firms to operate there was an urgent issue, a group of 30 businessmen joined him during his stay in China. During his tour of the Philippines, Indonesia, and Australia—his third overseas trip, he was accompanied by 60 businessmen; and during the current European tour, the number of businessmen accompanying him increased to 64.

The retinue of businessmen in the current European tour includes most of the business luminaries, such as Choe Chong-hyon, chairman of the Sunkyong Group and chairman of the Federation of Korean Industries; Kim Sok-won, chairman of the Ssangyong Group; Yun Yong-sok, chairman of Daewoo Heavy Industries; Ku Cha-hong, chairman of LG Electronics; Chong Se-yong, chairman of the Hyundai Group; and Kim Son-hong, chairman of the Kia Group. Of course, these business leaders were not on board the same plane with the president. In other words, they were not a "direct retinue," but each left the country separately and joined the president overseas. The presence of the group of businessmen this time marks a striking departure from the practice in the early days of his presidential term when President Kim allowed no businessman to accompany him.

Said an interested Chongwadae staffer: "True, during his early days in office President Kim had a somewhat negative opinion about allowing businessmen to accompany his overseas trips. But as he attended Asia-Pacific Economic Cooperation [APEC] summit meetings twice, the importance and necessity of trade diplomacy in the international arena was driven home to him. After that, he began to view from a different angle the question of whether or not to allow businessmen to accompany him during his travel abroad.

Assemblyman Cho Sun-sung, an expert on foreign relations and chairman of the National Assembly Trade and Industry Committee, takes a positive view of this change. He said: "I have received the impression that the size of the retinue of businessmen is too large. But inasmuch as we have neglected our trade relations with European countries in the past, the presence of a business group accompanying the president's overseas trip will have the full effect of creating an atmosphere that will encourage them to explore a new frontier."

Through "salesman diplomacy" the president makes a breakthrough in trade diplomacy under the covering fire of businessmen, and business for its part gains strength to make concrete deals on the basis of the results of summit diplomacy. This is what they call a division of roles. It was belatedly learned that particularly those

business executives who accompanied the president on his trip to China—where political pull or personal connections count as much as economic factors—had reaped a great benefit from the trip. Reportedly, they landed a larger number of investment contracts, and the trade talks proceeded more smoothly than ever before.

The business community expects a "spinoff other than economic benefits" from the president's overseas touring diplomacy. An official of the Federation of Korean Industries made this sanguine comment: "The president has changed a lot compared with the early days of his presidency. But it seems that he still has the negative perception of business that he formed during his long period of opposition politics. However, while touring Europe, he has been actually witnessing the attitude of the international community toward Korean enterprises and has been talking a lot with the accompanying businessmen. In this process, I think, his perception of business has changed completely." The business community is trying to "narrow the distance between the president and business" through the high-power business retinue accompanying the current presidential European tour, which includes the heads of almost all top-ranking big conglomerates.

Inasmuch as it is possible for the president and the business groups representing the whole country to form a joint front for national interests by narrowing the difference in their perceptions, the change in President Kim's perception of business is viewed in a favorable light. Of course, there is a criticism in some quarters against the mode of operation which gives too much weight to salesmanship diplomacy.

DP Assemblyman Son Se-il criticized huckster diplomacy in these words: "It is below his dignity for the president to give too much weight to huckster diplomacy. For the ROK, a country that stands midway between the advanced and developing countries, it should rather seek to develop a new sense of a world commonwealth that will permit coexistence and coprosperity, regarding it as a duty to do so as a member of the international community."

On the other hand, it is pointed out in some quarters that President Kim set the wrong goals for his summit diplomacy, and that the direction of his diplomacy is retrogressing to the mode of bandwagon diplomacy from the pragmatic diplomacy he advocated in the early days of his presidency. Despite his chanting of the buzzword "globalization," they say, his sense of diplomacy is anachronistic, whereas he should be approaching diplomacy with the most advanced sense of globalism.

First of all, some argue that the diplomatic goals set for the current European tour are wrong. The president set it as the priority goal for his current overseas tour to muster support for the ROK bid to host World Cup Soccer in 2002 and become a nonpermanent member of the UN Security Council, in addition to conducting salesmanship diplomacy. To this end, he drew up a plan to contact the leaders of foreign governments attending the UN summit for social development as extensively as possible to ask for their cooperation. This is one of the reasons the heads of big conglomerates accompanied the presidential tour.

However, with regard to the forthcoming selection of new nonpermanent members of the UN Security Council in November, diplomatic experts are of the opinion that it is far more effective and desirable to approach this issue step by step through working-level officials than trying to settle it at one stroke at a summit. Said a Foreign Ministry official who prefers to remain anonymous: "In the selection of new, nonpermanent members of the UN Security Council, each country will exercise its right to vote by giving the foremost consideration to its national interests. Accordingly, it is necessary to explain patiently to the authorities concerned in each country how placing the ROK in the Security Council as a nonpermanent member will benefit their country in concrete terms. That is why making sustained efforts to persuade each country through the ambassadors in the field, or roving ambassadors, will be far more desirable than an attempt to settle the matter at one stroke through a summit meeting."

There is an opinion that the president should not get involved in the bid to host the World Cup Soccer game. In the case of Japan, another contender wishing to host the World Cup Soccer game, it drew up a minute plan as early as 1987, under which it has widely mobilized sports organizations, interested firms, men of culture, and journalists to persuade executive committee members of the International Federation of Soccer Associations [FIFA] who have the say in choosing the host country. However, all this and other related efforts are strictly limited to the private level. Assemblyman Cho Sun-sung said: "The question of hosting the World Cup Soccer game should be solved quietly at a private level. Consideration should be given to the consequences that would arise should the president get involved but fail to get the invitation."

With discussion of political, foreign relations, security, economic, social, and welfare issues, as well as the bid to invite a sporting event included in the activities of summit diplomacy, the size of the retinue accompanying the current presidential European tour was bound to

swell unprecedentedly. The businessmen aside, the presidential retinue includes a large number of cabinet ministers and members of the Chongwadae Secretariat. Among them are: Foreign Minister Kong No-myong; Pak Chae-yun, minister of trade and industry; So Sang-mok, minister of health and welfare; Chong Kun-mo, minister of Science and Technology; Kim Tong-chin, chairman of the Joint Chiefs of Staff; Kim Han-kyu, head of the DLP president's Secretariat; Kim Kwang-sok, director of the Presidential Security Service; Han I-hon, presidential senior secretary for economic affairs; Yu Chong-ha, presidential senior secretary for foreign and national security affairs; Yun Yo-chun, senior secretary for information; Mun Tong-sok, chief of protocol, Ministry of Foreign Affairs; Kim Sok-u, presidential secretary for protocol; and Han Tae-kyu, chief of the European Affairs Bureau, Ministry of Foreign Affairs.

Prior to his first U.S. visit since he took office, President Kim issued a specific order to draw up his itinerary and plans centering on practical business and making his retinue as small as possible. As a result, 12 persons, an unusually small number, accompanied him on his first official visit to the United States. When former Japanese Prime Minister Hosokawa visited Korea while in office, the president allowed only the directors of the Asian affairs bureaus of the two countries to sit in on his one-on-one summit meeting with the Japanese prime minister, stressing practical diplomacy free from formalities. But as he took more overseas tours, the size of his retinue tended to swell. That is why observers have begun to criticize his peripatetic diplomacy, characterizing it as "bandwagon diplomacy."

Diplomacy is often called "a craft to gain the greatest effect with the least cost." President Kim has visited six countries and one city for 13 nights and 14 days during his current whirlwind European tour. But if he makes the smallest gains with the largest expense, his performance might be compared to that a student who works hard but gets low marks. It is about the time for ROK diplomacy to do away with the countrified style of unconditionally seeking summit diplomacy and to explore a new style by drawing up a new diplomatic map and properly placing soldiers and arms at strategic points.

President Rejects 'Illegal Labor Actions'

SK2505023895 Seoul YONHAP in English
0204 GMT 25 May 95

[FBIS Transcribed Text] Seoul, May 25 (YONHAP) — President Kim Yong-sam said Thursday his government will not tolerate any illegal labor actions, emphasizing that stabilized relations between labor and management

is essential to maintaining the country's economic growth.

Kim made the remark at Chongwadae while presenting a letter of appointment to new Labor Minister Chin Nyom, saying, "the government's labor policies should be carried out with the belief that any illegal actions, whether they be from labor or management, will not be tolerated."

Asserting that the country does not have the time or energy to waste on illegal labor disputes, President Kim instructed the new labor minister to strive for the establishment of a sustained industrial peace.

Police Tighten Security at Telecom Exchanges

SK2505030795 Seoul YONHAP in English
0258 GMT 25 May 95

[FBIS Transcribed Text] Seoul, May 25 (YONHAP) — Police tightened security at 60 of Korea Telecom's telephone exchanges across the country Thursday, as the state-run company's trade union threatened to launch a work-to-rule struggle at noon on Thursday.

Over 1,400 riot police troops were deployed at these exchanges to block any unlawful occupation of exchange facilities, by unionists staging sit-ins, and to check all visitors of the exchanges.

In the event the work-to-rule struggle leads to an interruption [of] normal operations at the exchanges, those unionists playing leading roles in the struggle will be charged with unlawful interference in the company's operations, a prosecution official said.

The work-to-rule struggle in the form of paid group leaves or employees leaving the office in groups earlier than they are scheduled to, will be taken as a partial strike and those playing the leading role in such an obstruction of work will be punished strictly according to the law, he warned.

The prosecution has placed 17 union leaders on the country's wanted list, including the six against whom the court issued arrest warrants.

Military Develops Tactical AM Field Radio Set

SK2505051295 Seoul KYONGHYANG SINMUN
in Korean 25 May 95 p 2

[Report by Yi Chung-kun]

[FBIS Translated Text] On 24 May, the National Defense Ministry announced that the Agency for Defense Development, its affiliated organization, has developed an advanced tactical AM field radio set equipped with

more than 1 million frequency channels and capable of engaging in electronic warfare.

The National Defense Ministry and the Taeyong Electronics Company will begin producing radio sets at the end of the year, and will hand out two kinds of radio sets, one portable and the other for vehicles, to all units above battalion-level. The new radio has frequency hopping functions and can communicate throughout the entire Korean peninsula.

The radio sets are also equipped with automatic link establishments that can avoid harassing tactics in the event the enemy operates electronic harassing devices.

President Supportive of Agent Orange 'Victims'

SK2505001295 Seoul THE KOREA TIMES in English
25 May 95 p 2

[FBIS Transcribed Text] President Kim Yong-sam yesterday promised a group of retired generals that the government will find every possible way to support Vietnam War veterans suffering the after-effects of exposure to the defoliant Agent Orange.

Kim said that he has had keen interest in the welfare of the defoliant victims since his inauguration, adding that he will order pertinent government agencies to map out ways to relieve them of their sufferings.

Kim made the remarks at a luncheon he hosted for 66 retired generals, including Chang Tae-wan, president of the Korea Veterans Association and Chae Myong-sin, former commander of South Korean forces in Vietnam, at Chongwadae [presidential offices].

Chae asked President Kim to take steps to expand financial support and free medical treatment to the Korean "Agent Orange" victims.

According to the retired four-star Army general, only 600 out of 4,700 defoliant victims are receiving both monetary compensation and free medical treatment from the government.

"Of the remaining 4,100 victims, 1,700 are receiving only medical treatment and 2,400 are totally excluded from both financial and medical benefits," Chae said.

In the meeting, President Kim said that the dedication of the Korea War Memorial slated for July in Washington, in which he will participate, will be an occasion to remind the world of what the conflict means to Koreans and the international community.

Kim thanked the retired generals for the "sacrifices" they made when the nation was in danger of being overrun by communist forces.

Kim asked them to teach the young generation on the importance of safeguarding peace and prosperity of the nation from the subversive movement from within and without.

United Liberal Democrats Form Negotiation Group

SK2505092995 Seoul YONHAP in English
0844 GMT 25 May 95

[FBIS Transcribed Text] Seoul, May 25 (YONHAP) — The splinter political party, the United Liberal Democrats, formed a floor negotiation group in the National Assembly Thursday to become the third such political party after the ruling Democratic Liberal Party (DLP) and the major opposition Democratic Party (DP) to form negotiation groups.

The minor party, headed by former DLP Chairman Kim Chong-pil, completed the formal registration of its floor group with the National Assembly Secretariat by submitting the signatures of 20 lawmakers.

Any political party or group with 20 legislators or more is entitled to formally become a floor negotiation group under the National Assembly law.

The number of lawmakers from the United Liberal Democrats increased to over 20 when it merged with the New People's Party earlier this month.

However, sources at the National Assembly said the future of the new negotiation group remains uncertain as there are some legislators who will have to resign from their house seats if they decide to run in the upcoming local elections.

27 Jun Named Holiday for Local Elections

SK2305061195 Seoul YONHAP in English
0523 GMT 23 May 95

[FBIS Transcribed Text] Seoul, May 23 (YONHAP) — The cabinet council meeting of the government decided Tuesday [23 May] to designate June 27, local election day, a temporary holiday for all government and public offices.

Brunei, Malaysia & Singapore

Malaysia

Prospects for U.S.-DPRK Nuclear Talks Viewed

*BK2205015895 Kuala Lumpur THE STAR in English
22 May 95 p 19*

[Article by Tan Kim Bock]

[FBIS Transcribed Text] The North Koreans may be hermits, but they are no hillbillies. As the Uncle Sam and Hermit Kingdom nuclear show drags on from 1992 and with no end in sight, the Americans have found the North Koreans a tough nut to crack.

And the nut is getting tougher. Days before the Kuala Lumpur talks, the North Koreans warned that if the Americans insisted that they use South Korean-made light-water reactors, they would walk away from the Geneva treaty signed in October last year, and reactivate their nuclear reactor even before the Americans pack their bags to leave Kuala Lumpur.

The showdown started in 1992 when the North Koreans, then under Kim Il-song, refused to allow nuclear experts from the International Atomic Energy Agency [IAEA] to inspect their nuclear sites.

But the Americans got their way and succeeded in making Kim open the gates to his nuclear kingdom.

That was when Kim launched his cat-and-mouse nuclear show with the Americans, making it difficult for the IAEA people from determining if indeed The Great Leader, as he was known, had the Bomb, or was well on the way to making one or more, or just how much plutonium he had extracted from his nuclear reactor.

As the mouse, Kim was fast and evasive, and the Americans never caught him red-handed.

Until today, the Americans have yet to show the world conclusive evidence that the North Koreans have the Bomb or are making one.

In the two years of nuclear brinkmanship from 1992 to 1994, both sides had several rounds of talks that did not amount to much.

By mid-1991 the North Koreans agreed to meet the Americans for a serious talk after President Bill Clinton threatened economic sanctions. They met in Geneva.

By October, both sides reached an agreement and signed a treaty called the Agreed Framework under which the North Koreans agreed to halt and dismantle their existing nuclear programme.

In return, the Americans agreed to build for them two new light-water reactors which are less capable

in producing plutonium, an essential material in the making of a nuclear bomb.

In addition, Uncle Sam threw in half a million tonnes of oil free of charge.

The whole deal cost US\$4.5 billion, with the South Koreans agreeing to pay the bulk of it.

Two months ago, both sides went to Berlin to work out the details of the deal.

There, the North Koreans told the Americans there was no way they were going to use the made-in-South Korea light-water nuclear reactors, and the talks broke down.

At the Kuala Lumpur pow-wows, the Americans are being led by Deputy Assistant Secretary of State for East Asian and Pacific Affairs Thomas Hubbard while the North Koreans by Vice-Foreign Minister Kim Kye-kwan.

Hubbard is no stranger to Malaysia, having served as deputy ambassador for three years from 1987. Since the breakdown of the Berlin talks, the US has maintained that the South Korean-made nuclear reactors remain the only choice for North Korea if it is to get any light-water nuclear reactors at all under the Agreed Framework.

The North Koreans are just as determined not to accept the South Korean reactors.

With much a scenario, are the US-North Korea nuclear talks headed for a complete meltdown?

More likely not, said analysts Bunn Nagara and Dr Stephen Leong of the Institute of Strategic and International Studies in Kuala Lumpur.

"The Kuala Lumpur round is not going to be the end of the nuclear talks even if it fails," said Bunn. "There will be another round, somewhere, sometime in the future.

"A complete breakdown will not resolve anything. Both the North Koreans and the Americans want to resolve something."

He felt that the North Koreans needed diplomatic recognition and economic aid at this stage, which they were getting from the Agreed Framework.

"Already they have secured a major diplomatic victory by getting to negotiate directly with the Americans," he said.

Dr Leong agrees. "What has been going on is constructive engagement. The Geneva deal is a result of constructive engagement.

"It is not in the best mutual interest for the talks to break down now. President Clinton wanted a long-term goal

of nuclear non-proliferation, and he has got it through the Geneva deal.

"The North Koreans need economic aid and not being isolated and they can get these through this deal. I am optimistic the talks will succeed."

Bunn feels that for both sides to manoeuvre their way but of the current situation, the initiative will have to come from the Americans.

"If the Americans have the political will to resolve this it can be done without too much difficulty," he said.

"The North Koreans do not want a made-in-South Korea label. This can be changed if the Americans really want to.

"It's not a major problem. The reactors can be assembled somewhere else."

However, Dr Leong reckons that the Americans may not want to give way so much this time.

"The Americans have come to the stage where they feel they have given enough," he said.

"They probably won't back down this time with the Republicans — who have criticised the Geneva deal — breathing down their neck.

"Also, their Congress might not give its approval if the change of reactors involves American funds."

Dr Leong said one way to break the stalemate was to reduce South Korea's role and increase Japan's in the deal, and to bring other countries into the picture.

"The bone of contention is South Korea. If other countries can be brought in to help build the light-water reactors, then North Korea will find it more acceptable," he said.

"But as South Korea will not stand seeing its role drastically cut, and the US would not want that either, both sides will have to compromise on the degree of South Korean involvement."

That is a viable, if not the only, way out.

Already, Australia, New Zealand and Canada have applied to be members of the Korean Peninsula Energy Development Organisation (KEDO), while Britain has expressed interest in joining it.

KEDO was set up by South Korea, Japan and the United States to supervise the construction of the new light-water reactor.

Minister Receives South African Commander

BK2505100795 Kuala Lumpur BERITA HARIAN
in Malay 25 May 95 p 1

[FBIS Translated Text] Kuala Lumpur, Wednesday [24 May] — Deputy Defense Minister Datuk Abdullah Fadzil Che Wan said Malaysia has signed two agreements with South Africa to purchase military weapons valued at RM [Malaysian ringgit] 73 million (\$30 million).

He said the first agreement involves the purchase of war weapons valued at RM71.34 million (\$29 million) while the second agreement concerns the purchase of grenade launchers and grenades valued at RM515,000 (\$206,000). The agreements were signed early this year.

Apart from this, he said Malaysia and South Africa are currently holding discussions on several issues concerning joint training facilities for military officers and air force pilots from the two countries.

Speaking to reporters after receiving a visit here today from General George Lodewyk Meiring, South Africa's Armed Forces chief, he said the two agreements were signed several months ago. The equipment is expected to arrive by the end of the year.

He said: "Four Malaysian Armed Forces (ATM) officers have been sent to attend courses in South Africa. In exchange, two South African military officers are currently here to train local military officers.

"South Africa, which was freed from apartheid some years ago, is currently increasing its technology sales — particularly military equipment — through a bilateral diplomatic policy.

"We are currently studying South Africa's other sectors in an effort to enable the ATM to participate actively in the interest of national defense, or for the local business sector to invest in that country."

Earlier, Meiring inspected an honor guard and saluted a parade mounted by 106 troopers from the 13th Royal Malay Regiment (RAMD) led by Major Harun Din. Meiring also visited Army Chief General Datuk Che Md. [Mohamed] Noor Mat Arshad.

Dr. Abdullah Fadzil said South Africa also has expertise in the production of Aermacchi jet trainer aircraft engine components, which could be used by the ATM.

He said the ministry also held follow-up discussions in connection with the joint training of military officers as well as Alouette helicopter and Aermacchi trainer jet aircraft pilots. Both countries use these types of aircraft.

Military To Buy South African Hardware

MB2505074395 Johannesburg SAfm Radio Network in English 0500 GMT 25 May 95

[FBIS Transcribed Text] Malaysia has signed an agreement to buy over 100 million rands' [R] worth of grenade launchers, grenades, and other equipment in its first purchase of South African military hardware.

Malaysia's deputy defense minister said in Kuala Lumpur after talks with the South African Defense Force chief that joint training of military officers and Air Force pilots was also being discussed. Until recently Malaysia bought most of its military hardware from Britain, the United States, Belgium, and other European nations.

Trade Minister Urges Alternative to ODS

BK2405105495 Kuala Lumpur BERITA HARIAN in Malay 24 May 95 p 2

[FBIS Translated Text] Sungai Petani, Tuesday — Industrialists in the country have been reminded to seek an alternative substance to replace ozone depleting substances [ODS] because the government will ban the import of such substances by the year 2000.

Minister of International Trade and Industry Datuk Sri Rafidah Aziz said industrialists will face problems if they fail to find new alternative substances by that year.

Speaking at a news conference here today, the minister said: "If the industrialists do not find a substitute beginning now, then they will certainly face problems in the year 2000 because the supply of ODS will not be available then.

"They also need to be aware that the ODS will be exhausted because countries such as the United States, France, the United Kingdom, and Japan will cease their production of such chemical substances by 31 December this year."

Earlier, the minister officially opened a seminar on Local Investment in the Production Sector at a local hotel here today.

According to her, in accordance with Article 5 of the Montreal Charter, a country should restrict the use of such substances at a determined stage. Malaysia has the opportunity to enjoy several special concessions, including financial assistance from the Multifunction Fund.

Rafidah said beginning this year the import of substances containing the ODS will be reduced by 10 percent.

According to her, last year local industrialists imported a total of 7,704.84 metric tons of ODS.

Singapore**ASEAN Regional Forum Debates Spratlys Issue**

BK2505112295 Singapore THE STRAITS TIMES in English 24 May 95 p 2

[Report by Ignatius Stephen in Bandar Seri Begawan]

[FBIS Transcribed Text] Senior officials of the Asean Regional Forum [ARF] appeared to have hit a snag yesterday over the wording of the chairman's final report on their two-day meeting here.

What appeared to be a sea of calm on Monday when Asean members rejected a Philippine proposal to raise the Spratlys issue collectively with China turned into a matter of deep discontent over the wording of the report which had been expected to be finalised yesterday.

Late into the evening, a select group of delegates were still trying to reach a consensus over the final document. Forum sources said that one major issue continued to be the disputed Spratly islands.

China was reportedly adamant that the issue should not be reflected in the chairman's report.

But other delegates appeared to disagree as they had raised the issue independently during the meetings chaired by Brunei Foreign Ministry's Permanent Secretary Dato Lim Jock Seng.

Philippine Undersecretary of Foreign Affairs Rodolfo Severino said in a statement that Japan, Indonesia, Canada, New Zealand, Singapore, the European Union, Russia, Vietnam, Thailand, the US and Australia had expressed their concern over the situation in the South China Sea.

He called for a temporary code of behaviour among claimants to the disputed areas in the South China Sea pending settlement of the claims.

China felt so strongly about keeping the subject out of the document that Chinese Assistant Foreign Minister Wang Yinfan held a press conference while the final report was being deliberated.

He said it was good that delegates of the 18-member ARF had aired their views on various issues of concern freely during the meeting, but when they touched on the Spratly islands, which the Chinese call Nansha islands, they were infringing on Chinese sovereignty.

He said it was natural that some delegates should put forward their views on the matter at a meeting

like this. But he urged caution and restraint and said the settlement of the dispute should be by bilateral talks between claimants, and China resented interference from third parties or the internationalisation of the issue.

Sudden and provocative behaviour was not the best way, he warned.

The Spratlys chain, in the South China Sea, is claimed wholly or in part by Brunei, China, Malaysia, the Philippines, Taiwan and Vietnam. The islands are believed to be rich in gas and minerals.

Tension in the area escalated recently following an incident involving Chinese fishing vessels and a Philippine navy ship carrying journalists on a tour in the Mischief Reef area. The reef is occupied by China but claimed by the Philippines.

Discussions on the final report were expected to continue over a working dinner last night.

Development of Suzhou Township in PRC Viewed
BK2505101795 Singapore BUSINESS TIMES
in English 10 May 95 p 10

[Report by Schutz Lee]

[FBIS Transcribed Text] Singapore — When Singapore businessmen were first shown the site that would become Singapore's largest commitment in China two years ago, they were unimpressed.

All they saw were marshlands, with farmlands scattered around.

"What could this place possibly offer us?" they wondered amongst themselves. Some secretly questioned the Singapore Government's wisdom in choosing to build an industrial park there.

They might have forgotten then that Jurong Town was also full of swamps 30 years ago, before it was totally transformed into a world-class high-technology industrial estate.

It is little surprise that the Singapore Suzhou Township — modelled on Jurong — has changed in two years from marshlands and farmlands into a massive construction site.

The flurry of activities intensified at the beginning of the year, and the first tenants move in later this month.

Construction of the township's phase one comprising 8 sq [square] km began in earnest a year ago with earth-filling work to raise ground levels to above flood level.

Everything has to be built — bridges, drains, sewers, factories, residential units, and in the longer term,

power, water treatment, gas and sewage treatment plants as well as a telephone exchange.

All these are needed to serve factories and workers in the 70 sq km site, which will be the size of the township when fully developed in 15 to 20 years' time. It will then be the largest Sino-foreign industrial park in China.

The Singapore-Suzhou Township has the full support of the governments in Singapore and Beijing, which should play a big part in ensuring the project's success.

In China, backing from the highest levels in the central government is very crucial in pushing things through its massive bureaucracy. On Singapore's part, the government has kept to its promise of transferring management software to Suzhou.

Nineteen Singapore companies and Samsung of South Korea have thrown their financial weight behind the project by becoming shareholders in the Keppel-led, U.S. \$300 million (S [Singapore] \$417 million) consortium Singapore-Suzhou Township Development (SSTD).

SSTD has a 65 percent share in China-Singapore Suzhou Industrial Park Development, which is the Sino-Singapore developer for the township.

The township has already spun off a number of consortia — some among the 20 shareholders of SSTD — to tap the many opportunities a project of this size presents.

These include:

Sembawang Resources is leading development of the Taicang power station, a water treatment plant, and a sewage treatment plant;

Keppel Integrated Engineering (KIE) and Shell are building a gas plant;

Singapore-Suzhou Industrial Holdings Pte Ltd [Private Limited] owned by Jurong Environmental Engineering (JEE), Toshmatic Pte Ltd, Sembawang Industrial Pte Ltd, and Hong Lim Investments are building factories; and

Subsidiaries of Wing Tai and Straits Steamship Land, with Jurong Environmental Engineering and Hong Lim Investments of Temasek Holdings, are building retail, residential, and commercial units.

Twenty seven investors worldwide have made commitments of U.S. \$1.3 billion so far, an encouraging sign.

SSTD chief executive officer Chan Soo Sen is a little nervous about the day when the first tenants move in. He said: "Can we provide them the electricity, water, gas, and so on, that they need?"

But if Singapore's experience with Jurong is any guide, he shouldn't worry at all.

SSBC in PRC's Shandong Helps Investment

*BK2505101495 Singapore BUSINESS TIMES
in English 10 May 95 p 10*

[Report by Schutz Lee]

[FBIS Transcribed Text] Singapore — The corporate grapevine had it that the day Singapore chose Suzhou, Jiangsu Province, over cities in Shandong Province to build a Jurong-style industrial estate, it was a sad day for Shandong's government.

After all, the race to showcase a Singapore industrial park in China was a close one. The coastal city of Yantai had even tried to woo Singapore with a larger site of 77 square kilometres compared to the 70 square kilometre one offered by Suzhou.

Moreover, Prime Minister Goh Chok Tong was very much inclined towards investing in Shandong's cities after his first visit there in April 1993.

But that was two years ago. Today, Shandong has proven itself to be a government-backed but private sector-led initiative that has taken off to the mutual benefit of Singapore companies and the province in east China.

Figures endorse the winning formula. Singapore's investments in Shandong had breached U.S. \$1 billion (S [Singapore] \$1.39 billion) by the end of 1994 — six times more than the amount in June 1993.

That dramatic increase was the result of Shandong's attraction as a resource-rich province with well-built infrastructure combined with Singapore companies coming through the door which the government had opened for them — the Singapore-Shandong Business Council (SSBC).

Set up in June 1993, SSBC serves as a platform to enhance bilateral cooperation between Singapore and Shandong. Its secretariat in Singapore is based in the Trade Development Board premises.

Tang Guan Seng, political secretary to the prime minister and cochairman of the SSBC, told BT [BUSINESS TIMES] last week the SSBC has been most useful to small- to medium-sized investors from Singapore.

"The SSBC serves as a bridge through its contact with Shandong's government agencies. If Singapore businessmen go there on their own, especially the small- to medium-sized ones, they will not be able to find the right people to talk to."

To date, the SSBC has held four half-yearly council meetings to review cooperation. It has also published two books, *The Shandong Trade and Investment Guide*, and *The Shandong Directory of Enterprises*.

Another role the SSBC may play, especially for larger projects above U.S. \$10 million, is that of a facilitator between the Singapore and Shandong parties, said Mr. Tang.

However, he does not wish the SSBC to become a "minor complaints bureau." "If it is a big project, we will see if the problem is technical in nature or principle in nature as China does not welcome a certain type of investment. If technical, a decision must be made and we will help with that," he said.

The SSBC has recently revised its strategy to promote Singapore-Shandong cooperation. Mr. Tang said that an "industry cluster approach" has been adopted, where Singapore companies in the same industry discuss opportunities with their Shandong counterparts, rather than on a one-to-one basis.

The SSBC has identified food and logistics as two clusters with much potential for cooperation.

Cambodia

Thai Cooperation With Khmer Rouge Alleged

*BK2505124195 Hong Kong AFP in English
1158 GMT 25 May 95*

[Report by Kevin Barington]

[FBIS Transcribed Text] Phnom Penh, May 25 (AFP) — Thai businessmen and senior military officers are still assisting the outlawed Khmer Rouge despite Bangkok's insistence that it no longer supports the guerrillas, a senior Cambodian military officer said Thursday.

"The Khmer Rouge continued to cooperate and relate secretly with Thai businessmen and important military forces along the border to collect and buy food and ammunition for stockpiling," deputy chief of staff General Meas Sophea said.

The Khmer Rouge received "cooperation from a group of extremists who are against the royal government" and had "secret dealings with Thai businessmen and the Thai army to prepare their activity," he added.

In Bangkok the charges were quickly denied. "We have no reason whatsoever to support the Khmer Rouge," said Lieutenant Colonel Somkhuan Saengpattaranetr there.

"We want to see peace in Cambodia. Otherwise we won't have time to develop our border areas."

Meas Sophea was speaking at a two-hour briefing on the military situation presided over by Second Prime Minister Hun Sen. Co-Ministers of Defence Tie Banh and Tea Chamrat, Co-Interior Minister Sar Kheng, Chief of Staff General Ke Kimyan, Chief of National Police Hok Langdi and several hundred other senior military and police officials were also present.

During dry season military campaigns over the past six months, the Khmer Rouge had defended and held their main bases at Pailin, Phnom Malai, Ta Sanh and Veal Veng in west and northwest Cambodia and Anlong Veng and Preah Vihear in northern Cambodia, he said.

The guerrillas' elite forces had strengthened their counter-attack strategies backed by artillery, anti-aircraft weapons, tanks and booby traps, the general added.

The rebels were heavily armed during recent fighting at Treng in northwest Battambang province and during clashes around Preah Pralay in remote northern Preah Vihear province and did not rely only on the standard guerrilla hardware of AK-47 assault rifles and B-40 rocket-propelled grenades.

Instead the guerrillas made much use of 12.7mm heavy calibre machine guns and artillery while 13 tanks were deployed around Treng to back around 1,000 guerrillas who staged the recent offensive, he said.

The general said he estimated that the Khmer Rouge had more than 10,000 men with around 4,000 hardcore fighters backed by 6,000 militia, covert forces and agents.

In recent heavy fighting at Khla Nhoap near the guerrillas' Phnom Malai stronghold, Meas Sophea said the government forces killed 118 guerrillas, including a commander, while around 100 others were wounded.

"With more than 5,000 Khmer Rouge defectors, as well as many deaths, the Khmer Rouge's force has been reduced," he said, adding that some divisions of 300 men were reduced to just 60.

Around 2,500 guerrilla defectors had joined the government forces, around 1,600 had requested to return to their villages while 59 had headed back into the bush to rejoin the rebels.

Despite the guerrillas' success in defending their main bases, the Khmer Rouge were unable to capture and hold any significant new territory while the government was able to overrun some of their smaller positions, he said.

The small government airforce flew 1,004 spying, strafing and bombing runs, and dropped leaflets in Khmer Rouge zones urging the guerrillas to defect.

Meas Sophea said the guerrillas would continue their "military, economic and political tactics to destroy the royal government and the people's peace" during the current rainy season.

Government forces would continue to strive to defeat the guerillas, he said.

"We have to strengthen the armed forces and local militia in all fields.

"We have to keep control of the areas that we captured from the Khmer Rouge and step up measures to counter guerrilla activity and cut off their economic links," he added.

Possible Ouster of Rangsi From Assembly Viewed
BK2405124695 Phnom Penh PHNOM PENH POST
in English 19 May-1 Jun 95 p 3

[Report by Ker Muithit]

[FBIS Transcribed Text] A full vote of the National Assembly is likely to have to be held on any bid to oust maverick FUNCINPEC [National United Front for an Independent, Peaceful, and Cooperative Cambodia] MP Sam Rangsi from his seat, politicians and legal observers say.

There is no provision for expulsion of MPs in the constitution of the United Nations electoral law in Cambodia, so a vote is widely seen as the only way to put any legitimacy at all on such a move.

An attempt to expel Rangsi is widely expected among the party's MPs, but is predicted to take some time.

"I'm 80 percent sure about Rangsi losing his seat," said one MP, who would not be named. "The process is going in that direction."

He believed a vote of the National Assembly, but not necessarily of a two-thirds majority, would be needed to justify the expulsion.

But he said that, before such a vote could be held, the National Assembly's permanent committee would have to decide on an agenda to put Rangsi's position up for debate by MPs.

"It takes time to draft a strategy to expel Rangsi, otherwise there will be a big explosion," he said without elaborating.

Rangsi earlier this month went public with complaints that FUNCINPEC's leadership was plotting to have him expelled from the National Assembly.

He said FUNCINPEC president Prince Norodom Ranariddh had written to National Assembly Chairman Chea Sim about the matter.

FUNCINPEC and parliament sources were unable to confirm the existence of the letter last week. Chea Sim is overseas, as is FUNCINPEC Secretary-General Prince Norodom Sirivut.

But FUNCINPEC MPs believe Rangsi's relations with the party leadership, most particularly Ranariddh, are beyond repair and an expulsion bid is almost certain.

"There cannot be any compromise between Prince Ranariddh and Rangsi. Their differences have reached a saturation point," said one MP.

"We all play the game of democracy. But Rangsi is driving a sports car, while the rest are still using motor-taxis," said another.

Sources said that even some Cambodian People's Party [CPP] MPs were sympathizers of Rangsi's, but considered that his outspoken methods went too far.

Rangsi — who has been a constant critic of government policy even while he was Minister of Finance — is considered by some to have gone too far with his recent decision to sue Ranariddh for comments made in France.

One MP believed that FUNCINPEC had ample pretexts to remove Rangsi from the assembly.

"The people voted for the party, but not for me. The candidacy of an MP was proposed by the party. If they want to send him (Rangsi) out of this building, they can find all excuses to do so. Nothing is impossible," he said.

Legal observers, however, maintain there is no lawful basis for expelling MPs. The UN electoral law provides for only three ways for an MP to be replaced — if the person reigns, dies or is physically or mentally incapacitated.

Rangsi's charges that any bid to remove him would be illegal appeared to get support this month from the chief author of the UN electoral law, former British MP Reginald Austin.

In a reply to an open letter by Rangsi to foreign officials and diplomats, Austin wrote that any bid to expel the MP from the assembly would be "dreadfully serious".

"I feel sure that in light of a proper consideration of the real long term advantages of open democracy, there will be no unlawful or unconstitutional action against you, or any other elected member of this historic Assembly," Austin wrote.

Some observers, however, say the majority of MPs would vote in favor of Rangsi's expulsion if told to — even if they did not personally support it.

If it came to a raising of hands and Ranariddh, (CPP leader) Hun Sen and Chea Sim want him out, which they do, MPs will raise their hands," said one close observer of the National Assembly.

Indonesia

Editorial Bemoans U.S. 'Bias' Toward Israel

BK2505100595 Jakarta KOMPAS in Indonesian
24 May 95 p 4

[Editorial: "We Are All Disappointed With the U.S. Bias on the Middle East"]

[FBIS Translated Text] Although Israel has canceled the confiscation of 53 hectares of land belonging to Palestinians in East Jerusalem, the anger over the U.S. veto of a draft UN Security Council resolution on the matter lingers in the Arab world.

Thousands of youths demonstrated in front of the U.S. Embassy in Jakarta last Monday. Similar demonstrations took place in Yogyakarta and Medan.

We all have the same feeling. We regret and are disappointed with the U.S. bias concerning problems in the Middle East, particularly regarding Israel and Palestine.

As noted in a previous editorial published several days ago, the U.S. veto created distrust toward the superpower, which had earlier been able to present itself as a good peace mediator.

In principle, the U.S. veto seriously undermined the U.S. image, regardless of what the United States says about the matter. The United States said several days ago that it exercised its veto to prevent a third party — the United Nations in this case — from getting involved in Israeli-Palestinian affairs because the two sides already have their own forum or mechanism to settle any problems between them.

Nevertheless, the United States is ignoring the fact that its image as a peace mediator is still not solid. What is deeply instilled in the minds of most people is that the United States is an ally of Israel and that the U.S. Government is strongly influenced by the Jewish lobby.

Therefore, any measures — even though minor in its eyes — can unleash waves of anger in many countries.

For us, it is really a surprise that the United States — which we thought was completely calculating in its foreign policy — could easily make a serious blunder [preceding word in English] in a matter that is not strategically significant.

We would like to ask the United States honestly about the matter: What is the significance of 53 hectares of land in East Jerusalem compared to a peace process that is being undertaken under difficult and bitter circumstances and its impact on the United States as an honest and fair mediator?

Logically, the U.S. image as a fair mediator has been undermined because the veto quickly created the impression that the United States — which had not exercised its veto, a bad tradition during the Cold War era, for a long time — is willing to use a privilege that has been increasingly challenged to defend Israel's interests, regardless of how minor they may be. Of course, the lengths the United States will go to defend Israel's greater interests is clear.

This feeling was expressed by the anti-U.S. demonstrators in Jakarta last Monday. The Indonesian youths demanded that the United States stop exercising its veto, because the veto right has created a sense of injustice among UN members and rendered the United Nations ineffective.

We also note that the demonstrators demanded that the United States free itself from the shackles of Jewish influence and adopt an independent policy on the basis of universal humanitarian values, truth, justice, and honesty.

The feeling of the Indonesian youths is normal and correct. This is what we want. Nevertheless, the fact that U.S. domestic policy has a certain tradition and certain obstacles is difficult to refute.

Clearly, we want the United States to muster the courage to face a changing world. Accordingly, the United States should be honest and its words should match its deeds. It should not be kind and friendly toward the Arab world in appearance while implementing a policy that is harmful and offensive to their feelings.

In addition to Israeli-Palestinian affairs, the demonstrators also questioned whether the United States is consistent with the implementation of human rights and democracy. The arbitrary defense of Israel's interests and the arbitrary use of its veto indeed contravene the two principles. The demonstrators said the veto right had been "misused."

The Israeli Government made a gesture by canceling the confiscation of Palestinian land in East Jerusalem. Nevertheless, efforts should continue to ensure that this idea does not resurface. Israel has reaffirmed its intention to make peace with the Palestinians and other Arabs.

The proposed Arab summit is proof of how seriously the U.S. veto injured the Arab countries.

The injury is undoubtedly very serious because even the most fanatical supporters of peace are bitter about the U.S. veto. It is not wrong for Palestinian leader Yasir 'Arafat to threaten to review the peace process.

The ball is now in the U.S. court. Will the United States exercise introspection and restore the trust it has received as a fair and reliable mediator? Turning a deaf ear and adhering to a policy of "we are for Israel, right or wrong" — as reflected in the latest veto and the silence over Israel's nuclear program during the debates on the extension of the NPT [Nuclear Nonproliferation Treaty] — will in turn make the United States an unreliable superpower.

Government Announces New Deregulation Package

*BK2405122995 Jakarta SUARA PEMBARUAN
in Indonesian 23 May 95 pp 1, 19*

[Italicized passages in English]

[FBIS Translated Excerpt] Jakarta, 23 May — The government has announced a series of deregulation measures to enhance the efficiency and resilience of the national economy and the competitiveness of Indonesian products in the international market. The deregulation and debureaucratization package covers the lowering of import tariffs and surcharges, the liberalization of imports, and the promotion of exports, investment, and business restructuring.

Prof. Dr. Saleh Afiff, coordinating minister for economy, finance, and development supervision, announced the package after he, Ir. [academic title] Hartarto, coordinating minister for industry and trade; Industry Minister Tunky Ariwibowo; Finance Minister Mari'e Muhammad; Trade Minister Prof. Dr. S.B. Yudono; Agriculture Minister Prof. Dr. Syarifuddin Baharsyah; head of the Logistics Board Beddu Amang; and Minister and State Secretary Murdiono presented the deregulation package to President Suharto for approval at the Bina Graha Presidential Office on Tuesday.

The deregulation package spells out measures to anticipate developments in years to come as Indonesia enters the 21st century.

Under the deregulation package, 6,030 tariff posts or 64.16 percent of the 9,398 existing tariff posts will be reduced.

The remaining tariff posts range only between 0 percent and 5 percent. Import tariffs and surcharges will be gradually reduced as part of efforts to enhance the efficiency and resilience of the national economy and

the competitiveness of domestic products in the international market.

As an example, import tariffs and surcharges on wheat, rice, flour, soya beans, palm oil, sugar, and industrial products such as cement and asbestos, which currently range between 0 percent and 5 percent, will in general remain unchanged.

Newsprint

Import tariffs, which currently range between 10 percent and 35 percent, on textile products, paper, plastics, and raw materials for medicines, for example, will be reduced by 5 points.

Import tariffs and surcharges on orchids, beans, soap, and [words indistinct] will be reduced from the current 40 percent and over to 30 percent. Import tariffs on newsprint will be sharply reduced from 20 percent to 5 percent. Import tariffs on print paper will be reduced from 20 percent to 0 1percent. Import tariffs on non-CPO [expansion unknown] cooking oil, which currently range between 15 percent and 20 percent, will also be reduced.

Import tariffs on raw materials and certain capital goods such as sawn timber for the timber industry, printing ink, fiberglass, and paint, which currently range between 10 percent and 40 percent, will be reduced to between 5 percent and 25 percent.

Import Regulations

Under the deregulation package, 81 items, which can be imported only by importers/producers, and registered importers, and the Logistics Board, can now be imported by all general importers. *Rubber-processing oil* now falls under the general importer category. Seventy-eight items, including high carbon steel plate sheets, which fall under the importer/producer category, now fall under the general importer category. Matches and disposable gas lighters, which can be imported by registered importers, now fall under the general importer category. The Logistics Board has now become a general importer of used and new gunny sacks.

Ten business areas have been removed from the negative investment list to open wider opportunities to the business circles, expand the domestic market and exports, increase the added value, and promote the transfer of technology. The areas are palm cooking oil, *block board*, processed and semi-processed rattan, utility boilers, automobiles, white cigarettes, *disposable gas lighters*, medicine formula, aircraft maintenance and components, and advertising support services.

Environment

Five new areas will be totally closed to foreign investment as the country implements an environment-friendly development plan. They are the processing of mangrove wood, industries using cyclamate and saccharine, the processing of pulp with sulphur, industries using mercury, and industries using fluoro-carbons.

Under the deregulation package, the construction and management of ports, the production, transmission, and distribution of electricity, telecommunications, shipping, drinking water, public railway, atomic energy, and advertising support services have been added to the negative investment list.

These areas are inaccessible to investment that wholly belongs to foreigners or foreign companies.

Permits for opening and expanding industries will be simplified. A permit will be issued right away to an industry if it is located in an industrial estate or a bonded area and the management ensures that its production process will not threaten the environment and natural resources will not be used excessively in the process.

Permanent permits have been abolished and replaced by industrial permits. Industrial registration marks will be issued to small industries.

An industrial company — a personal company, a joint company, or a legal body based in Indonesia — can simply send a blueprint on its plan to expand the relevant industry to the Investment Coordinating Board. Incentives will be given to companies if they restructure their businesses as part of efforts to improve the investment climate and enhance efficiency. Companies will be entitled to the incentives if they increase investment to restructure their operations by at least 30 percent of the initial amount of investment.

Package Described as 'Transparent'

AK2505075495 Jakarta Radio Republik Indonesia
Network in Indonesian 0000 GMT 25 May 95

[FBIS Translated Text] The government formulated the 23 May deregulation package in an transparent and open manner. Explaining further the deregulation package, Finance Minister Mari'e Muhammad said that the transparency was designed to prevent unhealthy business competition and ensure clear legal procedures in business activities. The prevailing impression that only big businessmen have benefited from a series of deregulation packages will, thus, be removed.

The finance minister urged citizens not to gauge the success of this deregulation package from whether the prices of goods have gone down. Other indicators such

as higher exports and wider job opportunities should instead be used to gauge its success.

Bad Debts in Government Banks Examined

95SE0130A Jakarta GATRA in Indonesian 1 Apr 95
p 75

[FBIS Translated Text] The amount of problem credit in government-owned banks is quite astonishing: 6.1 trillion rupiah. As of last January, credit paid out totaled 103.8 trillion rupiah. Sudradjad Djiwandono, governor of the Bank of Indonesia, submitted this problem credit situation in government banks to DPR-RI [Indonesian Parliament] Commission VII on Tuesday of last week [21 March]. The total amount of money not turning over because of problems is almost the same as the 1995-96 APBN [National Budget] allocation for the regional development and transmigration sector, a sum that could build 168 settlement units to accommodate 77,000 transmigrant families.

Although the credit figure is quite big, Sudradjad said, bank loans are gratifying from the aspect of collectibility (performing, not performing well, and questionable). As of December 1994, performing credit in all general banks, for example, had risen to 87.94 percent, up 1 percent from the previous three months and up 2.11 percent from the same period in 1993. However, problem credit also rose from 3.34 percent (in December 1993) to 3.88 percent (in September 1994) and reached 3.97 percent last January. "This data on nonperforming credit does not reflect developments experienced by banks in general, however," Sudradjad said.

Economic observer Prof. Anwar Nasution says these banks should be able to earn profits. In the case of government banks, it appears that the opposite is happening. "The percentage of nonperforming credit is quite large. This is a strange thing," he told GATRA.

According to the professor from the Economics Faculty of the University of Indonesia, the occurrence of problem credit is proof that the credit oversight system is still weak. For example, what was the purpose of the credit? Moreover, there are some clients who are suspected of "markups." Because they buy worn-out capital equipment, its value is very low if they are unable to repay the credit and have to sell it. There are other reasons, too, including lack of selectivity in choosing clients. "Selection is still based on influence. There are no clear criteria," Anwar added.

Banking observer Rijanto looks at problem credit from another aspect. He says the causes of the large problem with credit in government banks are lack of expansion, little supplementary capital, and small profits. The result is that the banks have difficulty in setting aside profits

as reserves. "Problem credit has grown, actually not because of additional new credit, but because of changes in category. Those initially categorized as questionable have now become bad debts," he told GATRA's Audrey Tangkudung.

According to Rijanto, the way to overcome this is to allocate funds for the banks burdened with problem credit. If the government has no money, it may be time to give opportunity to the private sector to come into government banks with some of the equity, such as through sale of 25 percent of stock. With such an injection of fresh funds, it would be hoped that the government banks could get up and sweep away their problem credit.

The government apparently has other ways to reduce the problem credit. One way is to require each bank to comply with the maximum credit limit (BMPK). As of the end of December 1994, 81 percent of all banks were within the BMPK. Banks still not meeting BMPK criteria have been given a delay until the end of this year, because the Bank of Indonesia has indicated that violation of this limit is one cause of the problem credit explosion in the banking sector.

Stock Exchange Opened to Small Companies

95SE0130B Jakarta GATRA in Indonesian 1 Apr 95
p 75

[FBIS Translated Text] The opportunity for small businesses to participate in the stock exchange is now open. On Monday of last week [20 March], the Capital Market Oversight Board (BAPEPAM) finalized regulations that make it possible for small companies to "go public." "These regulations increase efficiency and protection for investors," said BAPEPAM Chairman Bacelius Ruru. BAPEPAM is also to publish two other regulations in the context of simplifying stock issues. The three regulations are to be announced on 1 April.

Provisions for small businesses in these BAPEPAM regulations cover, among other things, the matter of capital. The regulations mention businesses that have assets of no more than 20 billion rupiah, are not affiliated with big companies, and are not investment fund companies. These regulations also respond to complaints of small companies that in the past only conglomerates belonged to the exchange. Under the more lenient regulations, small companies may now join the exchange. Another simplification is that prospectuses need not be published in newspapers, but it is enough to announce that a company is to sell shares. It is also enough for a company to conduct a "mini" public presentation. Since an issuer may offer shares worth no more than 7.5 billion rupiah,

it need not use the services of a stock underwriter, which will keep down the cost of an issue.

Will the shares of small companies sell? "That depends on the prospects of the company," said Henriyanto of PT [Limited Company] Bakrie Securities. Meanwhile, other brokers say that even the shares of big companies are not selling, much less those of small companies. Nevertheless, capital market observer Dr. Rizal Ramli calls on small companies to be ready to plunge into the exchange. "BAPEPAM must apply the regulations seriously and oversee them so that they will not be manipulated by conglomerates," he said.

Philippines

Manila Backs SRV Membership in ASEAN

BK2505055695 Quezon City Radio Filipinas in English 0230 GMT 25 May 95

[FBIS Transcribed Text] The Philippine Government supports Vietnam's intention to achieve full economic integration with the six member Association of South-east Asian Nations, ASEAN, but foresees obstacles ahead of its Asian neighbors. Philippine acting Trade Secretary Cesar Bautista said, Wednesday [24 May] and we quote, we support Vietnam's entry on full terms, end of quote. Hanoi said it wants to deal with ASEAN not as a parasite but as an equal partner, Bautista said. Although Vietnam has been formally admitted to ASEAN in July, the regional grouping wants to delay integration with the socialist market economy. ASEAN doubts Vietnam is ready to cut ties and remove all barriers to [word indistinct] called for by the common effective preferential tariffs scheme which serves as a vehicle for creating an ASEAN Free Trade Area, AFTA, by the year 2003.

Ramos on 'Purely Defensive' Stance on Spratlys

BK2405134295 Hong Kong AFP in English 1324 GMT 24 May 95

[By Rene Flipo]

[FBIS Transcribed Text] Manila, May 24 (AFP) — The Philippines has no intention of entering a military conflict with China over the disputed Spratly islands, President Fidel Ramos said Wednesday.

In an interview with AFP, Ramos said, though, that his country was still concerned about China's presence on Spratly isles close to the Philippines.

"Our position is purely defensive and we have no intention of entering into a military confrontation," the president declared.

As he gave the interview, the Ramos stood in front of a map of the Spratlys — which is claimed in whole or

part by six nations — in his office. In the zone claimed by the Philippines are several red pins which indicate, according to Manila, islets, reefs or sand banks on which there are Chinese structures or territorial markings.

One of them is the Mischief Reef — where there are many Chinese structures and which has been the focus of the diplomatic battle between the Philippines and China over the South China Sea archipelago.

All of the red pins are in the 200 mile (320 kilometer) territorial zone of the Philippines.

"Those structures could be the beginning of naval superstructures and facilities," said Ramos, who would not be photographed in front of the map.

One of the islets, known as Half Moon, is just 50 miles (80 km) from the Philippines coast.

That proximity, he said, was why he and other Philippine leaders are worried and why he sent a special envoy, Alfonso Yuchengco, to Beijing to discuss the problem.

This month the government also organized a special media trip, escorted by the military, that took Filipino and foreign journalists over the Mischief Reef in a helicopter so they could see the Chinese buildings on stilts. The trip brought strong protests from Beijing.

Ramos' comments also came after Vietnam announced Wednesday that it had built a new lighthouse, its fourth, on an isle in the group.

Vietnam said the move was "proof" of its sovereignty in the chain — to which Taiwan, Malaysia and Brunei also have claims.

One of the Philippines problems is that it knows it cannot take on China's military might. But it is reinforcing its defences.

Ramos announced earlier Wednesday that the Philippines had bought three F-5A jets and five 33 metre (110 feet) patrol vessels.

Before the purchase, carried out under a defence accord between Manila and Seoul, the Philippines airforce had only two F-5 jets in a working state. One of them is already an elderly model.

New Security Agency Organized for Airport

BK2505104895 Manila MANILA STANDARD in English 21 May 95 p 17

[Report by Louie Logarta]

[FBIS Transcribed Text] A new security outfit, to be staffed by some 1,800 personnel, has been organized

to safeguard the Ninoy Aquino International Airport (NAIA) against all forms of terrorist attacks and threats, in the mold of Kai Tak International Airport in Hong Kong and Changi Airport in Singapore.

To realize this goal, Philippine Airlines (PAL), the AFP [Armed Forces of the Philippines] Retirement and Separation Benefit System (RSBS), the Manila Integrated Airport Services Corporation (Miascor), the Philippine Veterans Investment Development Corporation (Phividec) and the NAIA management are advancing P[Philippine pesos]25 million as seed money for the new security agency.

In a briefing, NAIA General Manager Guillermo Cunanan said that the services of some 1,000 private security guards belonging to the Lanting and Rizal security agencies, who at present are still under contract at the NAIA, are going to be terminated soon to make way for the new group whose training is to be handled by foreign consultants.

Cunanan said there is a need to create the new security agency after it was decided that the Rizal and the Lanting guards were ill-trained and ill-equipped to handle the delicate job of protecting the NAIA from all sorts of threats.

Cunanan said that the Philippine Aviation Security Services Corp. (Passcor), as the new agency is known, is envisioned to address security problems at NAIA to conform with internationally accepted standards.

With the present organization existing at NAIA, Cunanan claimed the presence of different security agencies makes it difficult to attain maximum precaution levels since control and supervision over assigned guards is in the hands of relative amateurs who have not received formal training in airport security management.

Cunanan said the NAIA is to be the biggest stockholder of the corporation which is registered with the Securities and Exchange Commission (SEC), with 42.5 percent. PAL has subscribed to 20 percent of total stock, Phividec with 17.5 percent, Miascor with 10 percent, and RSBS with 10 percent.

Brig. Gen. Epineto Logico (ret.), former head of the AFP Logistics Command, has been designated president of Passcor, with Cunanan as board chairman.

When the security agency is operating smoothly, Cunanan said the Mactan International Airport Authority in Cebu will be invited to participate in the ownership of Passcor.

Cunanan said Passcor will be operating under the aegis of the Airport Security Center which coordinates the activities of some 30 government agencies who insist on

maintaining agents at the NAIA, however unnecessary they are.

Cunanan said screening of applicants who fall between the ages of 21 and 30 will soon commence.

Fighters, Patrol Boats Procured From ROK

BK2505070395 Quezon City Radio Filipinas in English 0230 GMT 25 May 95

[FBIS Transcribed Text] The Philippines will get three F-5A fighter planes and five patrol boats from South Korea. Representatives from the two countries recently signed a letter of transfer on the [word indistinct] conducted. The five patrol boats are in addition to the previous 525.37 meter-vessels transferred in 1993. The high speed surveillance sea craft and the jet fighters are expected to arrive in the Philippines not later than 30 June.

Military To Ensure Peace in Mindanao Elections

BK2505023395 Quezon City GMA-7 Radio-Television Arts Network in Tagalog 2230 GMT 24 May 95

[FBIS Translated Text] The AFP [Armed Forces of the Philippines] is going to send 30,000 men to Mindanao to prevent any violence in the scheduled special elections on Saturday. According to AFP Chief General Arturo Enrile, 50 percent of the AFP forces have been assigned to Central and Western Mindanao. General Enrile assured that the 150 members of the Abu Sayyaf would not be a match to the military forces. He added that the military is not perturbed by the Abu Sayyaf.

[Begin Enrile recording in progress, in English]... do every effort to reduce the threat of the Abu Sayyaf. So, we are continuously conducting operations and intelligence activities dedicated to that objective — of being able to reduce the threat posed by the Abu Sayyaf and other extremist groups. [end recording] General Enrile is scheduled to travel to Pakistan to confer with officials there about the launching of their counter-international terrorism measures.

Government-MNLF Talks in Jakarta Hit Snag

BK2505104995 Quezon City MALAYA in English 22 May 95 pp 1, 6

[Report by Ariel Digma and Mila Velasquez]

[FBIS Transcribed Text] Zamboanga City — Presidential peace adviser Manuel T. Yan said Sunday scheduled peace talks with the MNLF [Moro National Liberation Front] in Jakarta in June may have to be delayed because of failure to reach agreement on the establishment of an autonomous government and the integration of the MNLF into military.

He said the 5th mixed committee hearing of the peace panels was supposed to be held last week of this month but because of failure to settle some issues, it may be moved to June or even July. The third round of talks will correspondingly have to be delayed depending on the outcome of the committee hearing.

Yan clarified that the Ipil raid has nothing to do with the delay.

Rep. [Representative] Eduardo Ermita, a member of the peace panel, said there has been no movement between the two panels on how to resolve these issues. He added Indonesia, which will host the talks, wants to be sure that these issues are resolved before they again serve as host of the peace talks.

But Yan reiterated that the government is bent on pursuing the peace talks with the MNLF and even though it has no definite deadline, Yan said the talks would certainly not extend beyond the president's term which ends in 1998.

The reason for this, Yan said, is that they do not know if the next administration would want to keep talking with the rebels if the peace process is not resolved at the end of Ramos' term.

Southern Command Chief Lt. Gen. Edgardo Batenga confirmed that the Abu Sayyaf has increased its membership from 200 to about 540 armed followers. He said the terrorists are concentrated in Basilan Province.

Alliance of 4 Muslim Rebel Groups Reported

BK2505111495 Manila PHILIPPINE DAILY INQUIRER in English 22 May 95 pp 1, 12

[Report by Cynthia D. Balana and Martin Marfil]

[FBIS Transcribed Text] Zamboanga City — Four Muslim rebel groups, despite their ideological and political differences have forged tactical alliances against the government in several areas in Mindanao, military intelligence reports said.

In a briefing given to President Ramos before yesterday's Mindanao peace summit here, the Southern Command [Southcom] identified the groups as the Moro National Liberation Front [MNLF] under Nur Misuari, the Moro Islamic Liberation Front [MILF] of Hashim Salamat, the MNLF Reformist Group, and the Abu Sayyaf Group led by Abdurajik Abubakar Janjalani.

The Southcom report said tactical alliances among the groups were based on strong family, ethnic, and religious relations of their members.

It bolstered speculations that MNLF commanders were among those who led 200 armed men in a raid on Ipil,

Zamboanga del Sur, last month. Fifty-three people were killed and 62 others were wounded in the incident.

The MNLF has denied any involvement in the Ipil massacre, blamed mainly on the Abu Sayyaf and MNLF "Lost Command" groups. It has also promised to turn over to the government any of its field commanders found to have joined the raid.

Police, however, said Misuari himself was "under threat" from the extremist groups.

"I'm sure he's under threat from his former sub-lieutenants who want to assume his position as top Muslim rebel leader," said Senior Supt. [Superintendent] Orville Gabuna, Philippine National Police director for Western Mindanao.

He said Melham Alam, Misuari's former "operations chief," was actively recruiting members within the ranks of the MNLF and MILF.

Alam is reportedly one of the leaders who raided Ipil. At least three other ex-MNLF leaders have been identified by authorities as among those who led the attack.

Recruitment binge

Rep. [Representative] Eduardo Ermita, a member of the government panel in the peace talks with the MNLF, told reporters that Misuari was feeling the pressure from Abu Sayyaf.

"He (Misuari) told me that younger MNLF members are being attracted to the Abu Sayyaf," Ermita said.

The extremists, intelligence reports said, have been able to recruit both Muslim and Christian members.

The Southcom report said the MNLF, which enjoys support from the Organization of Islamic Conference, was taking advantage of the peace talks to build up its forces and expand its area of control.

It said the MNLF recently claimed as part of its territory 63 barangays [villages] in Zamboanga del Sur, 11 in Basilan, and six in Zamboanga del Norte.

The Southcom placed the combined strength of the four groups at 24,380 as of last December.

It said Misuari's Bangsa Moro Army still has the biggest force with 17,600 men, followed by the MILF Salamat faction which has 5,980.

The MNLF Reformist Group is estimated to have 280 men, while the Abu Sayyaf has 520.

The four groups keep some 17,280 assorted firearms, the report added.

Unfavorable ratio

But other military sources here said Muslim rebel forces in Mindanao are believed to number 40,000. They said the Armed Forces in the region also have the same number, stressing that the figures represent "very unfavorable" proportions for a guerrilla warfare.

The same sources explained that the rebels were armed with weapons similar to those of the AFP [Armed Forces of the Philippines], including rocket launchers and Stinger missiles, except for anti-aircraft guns.

The Southcom report said the MILF, which is publicly supporting the government's peace talks with the MNLF, was also building up its forces.

It said the MILF conducted 22 training activities for some 3,450 new recruits last year. The training included guerrilla warfare, sabotage and demolition, the report said.

Also last year, the Southcom said, some 5,050 assorted high-powered firearms were smuggled into the country for the MILF. The arms landings were reported in Lanao del Sur, Maguindanao, and Sarangani.

The Abu Sayyaf, based in Basilan and Sulu, has expanded to the Zamboanga Peninsula, the report said.

Not decimated

Although the military earlier declared that the extremist group had been decimated, the Southcom reported that the Abu Sayyaf recruited 353 persons last year. Of these new recruits, about 140 underwent training in Sulu and Basilan.

"Though the extremist group has splintered into small groups to avoid further decimation, they are expected to reorganize in a span of time, and retaliatory actions in the event AFP pursuit operations ease up is not remote," the Southcom said.

The report also said it was the Abu Sayyaf, of the four threat groups, which "tends to influence the security situation" in the South.

Since the Ipil massacre, the Southcom said, the military has launched "resource control measures in known enemy lairs; readjusted and redeployed ground, naval, and air forces; and, strengthened intelligence operations" in the area.

Thailand

Iranian Minister Gharazi Meets With Chuan

BK2405133695 Bangkok Radio Thailand Network
in Thai 1200 GMT 24 May 95

[FBIS Translated Text] Commerce Minister Uthai Phimphaichon accompanied Mohammad Gharazi, the Iranian post, telegraph, and telephone minister, to pay a courtesy call on Prime Minister Chuan Likphai at Government House today. The Iranian minister is here to attend the fourth meeting of the Joint Thai-Iranian Commission on Economic Cooperation and a trade seminar. The prime minister welcomed the Iranian minister and expressed satisfaction with the cooperation between the two countries. He said he is confident that relations between the countries will expand in view of the potential of the two countries and the important role of the private sector.

During this visit, the Iranian delegation is seeking to buy an additional 400,000 tons of rice. Under an earlier contract, Iran bought 400,000 tons of rice, 200,000 tons of which has already been delivered. The remaining 200,000 tons are on the way. The new Iranian purchase proposal will be considered by the new Thai government.

Chairmanship of WTO Farm Committee at Risk

BK2505043695 Bangkok THE NATION in English
25 May 95 p 1

[Report by Wichit Chaitrong]

[FBIS Transcribed Text] Thailand's chairmanship of the World Trade Organization's [WTO] farm committee will no longer be valid if the incoming Cabinet decides not to reappoint Danai Tunlalampha. Danai is currently Thailand's head representative at the World Trade Organization and chairman of the WTO farm committee. His term will automatically expire due to the Cabinet change.

Danai, doubtful about his term, yesterday called on Commerce Minister Uthai Phimchaichon to determine whether his post will remain effective after the House dissolution.

The permanent representative to the WTO is a political position, therefore, his term should be invalid when the Cabinet is no longer in office.

The commerce minister assured Danai that his tenure will be valid until the new Cabinet takes office.

Uthai said that, "After consultation, the Cabinet and Civil Service Commission agreed Danai's term will continue until the new government is sworn in."

Asked if the new government should give further support to Danai in order to maintain Thailand's representation as head of the agriculture committee, Uthai replied it would depend on the new government's policy.

Hoping to protect the interests of Thailand and other agricultural exporting countries, former Deputy Prime Minister Suphachai Phanitchaphak strongly lobbied other WTO members to support Thailand's candidacy to head the farm committee.

The Cabinet approved Danai as Thailand's head representative in December, and he started work at the WTO in January.

Danai seemed to relax after hearing from Uthai.

"Political change will not have any negative impact on the country's role nor my duties at the WTO. So far, most of my work at the WTO has involved laying the rules for examining the implementation of obligations under the agricultural agreement," he told *The Nation*.

His committee will begin to examine the implementation of agreements submitted by WTO members in June, he said.

If some countries do not fully comply with the agricultural agreement, other members will have the right to negotiate. If the involved parties are unable reach an agreement, the case will be forwarded to the settlement body.

"But I believe the WTO members will be able to find a compromise on the agriculture issue," he said.

Thailand has already implemented its obligations under the General Agreement on Tariffs and Trade [GATT].

There are currently no new trade talks, except negotiations for the liberalization of the service sector, so we should not worry, he said.

Apart from the 124 members of GATT about 80 additional countries have ratified the establishment of the WTO, which will gradually supersede GATT, Danai said.

Impact of Election on ASEAN Forum Dismissed

*BK2505024095 Bangkok BANGKOK POST
in English 25 May 95 p 6*

[FBIS Transcribed Text] Acting Foreign Minister Surin Phitsuwan yesterday downplayed the impact of the forthcoming general election on Thailand's participation in an annual meeting of ASEAN foreign ministers in Brunei in July.

Mr. Surin expressed confidence that the July 2 election would have no impact on the meeting because Thailand's foreign policy is expected to remain unchanged.

He said Thai political parties have similar foreign policies.

The Chuan Likphai Government has focused on relations with neighboring countries in Indochina and Burma.

The next government will have less than a month before it has to send its foreign minister to a series of meetings — ASEAN foreign ministers meeting, the ASEAN Regional Forum, and the post-ministerial meeting with ASEAN dialogue partners, from July 28 August 3 in Bandar Seri Begawan, Brunei.

Mr. Surin said he would represent Thailand at the meetings unless a new Cabinet could be formed in time.

He said the Government would make necessary preparations for three summits in the near future: the Non-aligned Movement on October 18-20 in Cartagena in Colombia, the ASEAN summit on December 14-15 and the Asian-European summit on March 7-8, both in Bangkok.

Cambodian Log Shipments Continue Despite Ban

*BK2505043195 Bangkok BANGKOK POST
in English 25 May 95 p 8*

[FBIS Transcribed Text] Logs and rough sawn timber are still being shipped from Kompong Som in Cambodia to Map Ta Phut port in Thailand and are still being transported across the Thai-Cambodian border.

This is the message of the London-based non-government organization [NGO] Global Witness, which issued a statement in Bangkok yesterday.

The NGO has conducted an investigation at the deep-sea port in Rayong and along the Thai-Cambodian border in Trat, Sakaeo and Chanthaburi Provinces.

It concludes that logs are still being shipped out despite Phnom Penh's logging ban and Bangkok's pledges to abide by its neighbor's laws.

Cambodia brought into force a logging ban on January 1 but allowed a grace period for the removal of already felled wood. The amnesty expired on April 30.

At Map Ta Phut port, members of Global Witness saw and documented several shipments of logs originating from Koh Kong.

On May 1 at 0700 a.m. the MV Dimitris N, and at 0200 p.m. the tug CIC 2 Barge Attila 3 Yawson 102, delivered some 2,200 logs (around 11,000 cubic meters).

The NGO said these shipments are conceivably legal since the journey takes 48 hours, providing the logs were felled before the January 1 ban.

On May 3 at 0500 p.m. the tug TKS 20 Barge CTI 1, CTI 8, Singsak 1 delivered some 350 logs (1,750 cubic meters), on May 7 at 12 noon the tug CIC 2, Barge Dianan I, II, III delivered 787 logs (4,000 cubic meters), and on May 8 at 0500 p.m. the tug Royal Ocean, Barge Seahorse 92 offloaded some 300 logs (1,500 cubic meters).

At Kalapantha harbor and Klong Yai in Trat Province, the NGO estimates that some 6,300 cubic meters of rough sawn timber (mainly mai yang and takian) are unloaded at the port every week.

Interviews with owners and workers at some 33 sawmills and timber yards in Klong Yai provide varying reports of current trading conditions.

Some claim they are receiving no further supplies because of the ban by the Cambodian Government. Others say it's business as usual.

The NGO was told by some timber companies along the border from Ban Hat Lek to Aranyaprathet in Sakaeo, Nuan Sung to Bo Rai in Trat and in Pong Nam Ron in Chanthaburi, that they deal directly with the outlawed Khmer Rouge.

They said they anticipate no problems bribing officials on both sides of the border to move the logs to Thailand.

Patrick Alley of Global Witness said the investigation was intended to publicize the facts about the timber trade and to maintain pressure on those involved to give it up.

The trade generates revenue for the Khmer Rouge to perpetuate the war against the elected government in Phnom Penh, Mr Alley pointed out.

Deforestation causes floods and droughts, resulting in increasingly severe crop failures in many areas of Cambodia, he said.

The NGO has also seen something of the harsh life manual laborers involved in the timber business lead.

In Map Ta Phut port and Kalapantha harbor, workers and sailors work in extremely dangerous conditions. In the sawmills in Klong Yai, workers are not given protective gear for their ears, eyes and lungs, with few blade guards.

Log truck drivers, who are paid some 3,800 baht per month, have only dry season employment and operate in hazardous driving conditions and in conflict areas. Round trip journey times range from 12 hours to five days.

Mr Alley and his colleague Simon Howarth called on the Thai Government to clamp down on illegal business deals and operations by companies on Thai soil.

They said the Government should fully cooperate with the Cambodian Government to enforce its logging ban, and must withstand pressure from timber companies for it to renegotiate the passage of timber from Cambodia to Thailand.

The NGO will submit its findings to the United States Government, which has enacted a Foreign Operations Act 1995 allowing it to sanction governments which support regimes like the Khmer Rouge.

The findings will be submitted to donor countries to exert pressure on the Cambodian Government to implement its own laws.

Global Witness was set up two years ago to address an increasing number of situations, mainly in the developing world, where profits from environmental exploitation are used to fund human rights abuse. In March it issued a report entitled *Forests, Famine and War: The Key to Cambodia's Future*.

Newspaper Reports on Child Labor, Prostitution 95P30096A

[FBIS Editorial Report] The 3 April NAEO NA in Thai on pages 1,9, and 10 reported on the problem of child labor and the Ministry of Labor and Social Welfare's attempts finding at solutions to the problem. An official of the ministry's Labor Department, Phaithun Chanchampi, noted that his ministry fears that 12-15 year olds "may be deceived into working at wages lower than the legal minimum and at 'unsuitable' jobs." He added that many children are "forced by economic circumstances" to quit school. A 1994 survey revealed that more than 100,000 children, mostly in the north and the northeast, "prematurely entered the labor market" and could be abused. A survey to be conducted by the Ministry of Education this year is expected to show that a similar number of children will terminate their schooling and enter the work force. Phaithun remarked that the government "can act to control the movement of 'non-formal' child labor, especially in the exploitation of children and child slavery." He asserted that tracking the number of elementary school students who do not continue their studies "plays a role in resolving the problem of child prostitution because we can find out where the children are working, what they are doing, and who led them" into prostitution. In addition, he said, this would deter those who would "trick children into bad ways." According to Phaithun, the Labor Department will make plans to provide vocational education and jobs for ex-primary school children who do not wish to leave their domiciles, and these efforts might prompt these children to return to school.

An article in the 30 March NAEO NA on page 3 noted that Thais engaged in child prostitution are recruiting Cambodian girls from Poipet, Cambodia. The Thais reportedly pay 5,000-8,000 baht for 14 and 15 year olds, spiriting them past Thai checkpoints in luxury cars, since "personnel manning the checkpoints will think the cars belong to VIP's and will not stop them for inspection." The article quoted a Cambodian parent as saying that Cambodian troops have sold his daughter to the Thais through a local brothel for 2,000 baht and that he has "no recourse." A Thai police captain stationed opposite Poipet said that it is difficult to investigate the procurers "because the Cambodian authorities do not coordinate with us," but if they are arrested, they will be charged with illegally bringing foreigners into the country.

Vietnam

Washington Liaison Office Head Interviewed

BK2405153995 Ho Chi Minh City THOI BAO KINH
TE SAIGON in Vietnamese 4 May 95 p 7

[Interview with Le Van Bang, head of the Vietnamese Liaison Office in the United States, by correspondent Tran Ngoc Chau; place, date not given]

[FBIS Translated Text] [Tran Ngoc Chau] Has the Vietnamese Liaison Office in Washington carried out any activities to mark the anniversary of the total liberation of the south, the unification of the country, and the end of the war?

[Le Van Bang] The Vietnamese Liaison Office in Washington is actively working to assist the reconciliation process and promote relations between the peoples of Vietnam and the United States.

Since early March, our office has actively participated in seminars on Vietnam held by Columbia University and the University of California as well as television programs on CNN, Discovery, and Comedy Central. We have also granted interviews to newspapers, news agencies, and television companies; issued news bulletins; and so forth. Generally speaking, the American public highly appreciates the heroism of the Vietnamese people and our creative success in the renovation undertaking, and also actively supports the reconciliation and development of Vietnamese-U.S. relations. There have been voices urging the U.S. Government to normalize relations with Vietnam at the earliest possible time.

[Tran Ngoc Chau] Could you discuss your impressions as the first representative of the Vietnamese Liaison Office in the U.S. capital 20 years after the war?

[Le Van Bang] I am greatly honored and proud at being entrusted by the government to be the first Vietnamese

representative in Washington, but at the same time I realize my heavy responsibilities toward the people and the country. Since the day in 1966 that I became a member of the Pioneer Youth during the resistance against America for national salvation, and then through my participation in programs arising from the war such as the ODP [Orderly Departure Program], Amerasian children, reeducation camps, MIA's, and so forth, I have always contributed my very best. I hope that in the near future the Vietnamese-U.S. relationship will be normalized, trade and investment between the two countries will be developed, and the two peoples will become friends. That is my ultimate wish.

[Tran Ngoc Chau] What are your comments regarding the reaction of the U.S. business community and veterans to the publication of McNamara's memoirs?

[Le Van Bang] At this time, the business community and veterans groups are actively working for reconciliation and the normalization of relations between the two countries. The business community has recently established the "Federation of Businessmen for U.S.-Vietnamese Economic and Trade Relations Development." Many veterans groups are participating in programs to build schools and medical stations in Vietnam. One Vietnam war veterans group has helped us with information on our combatants and civilians missing in the war. Businessmen, veterans, and the U.S. public in general feel that Mr. McNamara has come to the truth too late, but better late than never.

[Tran Ngoc Chau] What do you think about the Vietnamese community in the United States these days?

[Le Van Bang] The Vietnamese community in the United States has always turned to their fatherland. Many have come back to visit, look for business opportunities, and introduce U.S. companies to Vietnam. In the United States they contribute to their community, and they helped the liaison office settle into our living and working facilities. Most want to see Vietnam escape from poverty, catch up with neighboring countries, and grow into a developed country because this will benefit their relatives as well as themselves. A certain segment still harbors antipathy due to its lack of knowledge about Vietnam's development, but this will certainly change with time.

Commission Meeting With Russia Previewed

BK2505100995 Hanoi Voice of Vietnam in English
1000 GMT 24 May 95

[Station commentary]

[FBIS Transcribed Text] Deputy Prime Minister Tran Duc Luong is leading a Vietnamese delegation to the

fourth session of the Vietnam-Russia Intergovernmental Commission on Economic, Scientific, and Technical Cooperation in Moscow this month. Mr. Tran Duc Luong will later visit the Republic of Belarus. Here are our comments:

The third session of the Vietnam-Russia Intergovernmental Commission met in Hanoi a year ago. At this session in Moscow, the two sides will review a number of questions concerning the implementation of agreements on bilateral cooperation during that period. Since the third session, agreements have been signed on cooperation in agriculture, industry, fishery, and the encouragement and protection of investment. The two sides have also completed the Hoa Binh Hydropower Plant and the Lao Cai Apatite Factory according to schedule. Vietnam and Russia will also use this week's conference to seek measures to solve all pending issues and to increase the effectiveness of bilateral cooperation in energy, oil and gas exploitation, goods exchange, and to boost direct cooperation among services and localities of both countries.

Cooperation between Vietnam and Russia has entered a new stage suitable to new realities. Relationship has been developing with the exchange of visits by top leaders and with the effective operations of intergovernmental commissions. Vietnam and Russia have signed a number of important agreements to promote bilateral cooperation. The Russian Federation was the first overseas country to enter joint ventures with Vietnam in energy and oil and gas industry.

Addressing a press conference in Hanoi marking the 45th anniversary of the establishment of diplomatic relations between Vietnam and the Russian Federation, the Russian ambassador to Vietnam, Mr. Khamidoulin, affirmed that bilateral relations had entered a new stage on the principle of equality and mutual benefit. Russia has undertaken many major economic projects in Vietnam. The Russian ambassador said Russia considered Vietnam a long-term partner in the Asia-Pacific region and the intergovernmental commission would play an important role in promoting bilateral cooperation. He said that also during the last two years, the two countries had signed about 15 major documents for implementing all previously signed agreements.

France Grants Aid for Water Supply Plant

BK2405073495 Hanoi VNA in English
0627 GMT 24 May 95

[FBIS Transcribed Excerpt] Hanoi VNA May 24 — The French Government has granted 21 million franc as non-refundable aid to Vietnam to build a water supply plant

in Dien Bien Phu, the northern mountain province of Lai Chau.

The water supply plant designed to have a capacity of 8,000 m³/day will supply clean water to 20,000 people in Dien Bien Phu town and its adjacents. The Ministry of Commerce has issued licence to Lai Chau Province to import equipment from Betore firm of France.

Dien Bien Phu is where, in 1954, the French colonialists failed in their last effort to reinvade Vietnam.

Besides the Dien Bien Phu Water Supply Plant, the French Government granted Vietnam a loan of 23 million franc to build water supply system in Hoa Binh and Lao Cai Provinces, northern Vietnam.

ROK Company Strikes Oil Off Southern Coast

BK2405105395 Hanoi VIETNAM INVESTMENT
REVIEW in English 8-14 May 95 p 3

[FBIS Transcribed Text] Korean oil and gas company Pedco have announced their third strike off the coast of southern Vietnam but it is too early to determine the commercial viability of the find, officials said.

Pedco (Korea Petroleum Development Corporation) said they found oil and gas at their third exploration well at Rong Vi Dai (Gigantic Dragon) in Block 11-2 in the Nam Con Son basin, 280 km southeast of Vung Tau port.

"It is too early to say about the reserve of the block or whether it is commercial. It will take us several months to evaluate all the data collected from three exploratory wells," Pedco's executive director Man Sik Kim said.

This is the company's second strike in a month. In April they found gas at their second well at Rong Doi (Twin Dragon) where they are taking a cumulative condensate production of 1,365 barrels per day and a cumulative gas production of 43 million cubic feet per day, according to Kim.

In their third well (No 11-2-RVD-lx) Pedco says that so far they have a cumulative condensate production of 300 barrels per day and a gas production of 26 million cubic feet per day. They drilled to a depth of 4,780 m [meters] and encountered several hydrocarbon bearing zones, and one drill stem test was conducted for this well.

"First we have to determine the volume of the well, then the production costs in order to conclude that the well will be commercial or not," said Kim. "BP [British Petroleum] said it would take them two years to evaluate data from an earlier BP find. We hope to make it in five to six months. The second phase of our exploration period will start after that," he added.

Pedco is operating the Block 11-2 on behalf of an association comprising a Korean consortium (holding 70 percent) of Pedco, Daesung, Saewoo, Hyundai, LG [Lucky Goldstar], Samsung, Samhwan and Ssangyong, and Shell Exploration Far East B.V., which holds 30 percent.

Crude Oil Production, Exports Reported

BK2505072595 Hanoi VNA in English

0626 GMT 25 May 95

[FBIS Transcribed Text] Hanoi VNA May 25 — So far this year Vietnam's Oil and Gas Corporation had exploited more than 3 million tonnes of crude oil, accounting for nearly 40 percent of this year's plan.

By mid-May, nearly 2.5 million tonnes of crude had been pumped by the Vietnam-Soviet oil and gas joint venture enterprise (Vietsovpetro) from Bach Ho (White Tiger) and Rong (Dragon) Oil Fields. Nearly 600,000 tonnes were tapped by BHP Petroleum (Australia) and other companies of France, Japan, Malaysia, former Soviet Union countries and Vietnam from the Dai Hung (Great Bear) field.

In April alone, 275,000 tonnes of crude came up from the three main oilfields of Bach Ho, Rong and Dai Hung, increasing by 20.5 per cent over the same month last year. Export value of crude oil in the first four months of this year increased by 20.4 per cent compared with the same period last year.

In exploration, BH Statoil and ONGC of Britain, Norway and India have discovered industrial gas at Lan Do and Lan Tay deposits with exploitative reserves of nearly 50 billion cubic metres.

New Lighthouse Constructed in Spratly Islands

BK2405060895 Hong Kong AFP in English

0535 GMT 24 May 95

[FBIS Transcribed Text] Hanoi, May 24 (AFP) — Vietnam has built a new lighthouse in the disputed Spratly Islands, the fourth since 1993, the Army newspaper QUAN DOI NHAN DAN said Wednesday.

The announcement comes as tension has been mounting in the South China Sea archipelago, claimed in whole or part by six nations and considered a flashpoint in the region.

The lighthouse was built last February by a firm belonging to the merchant navy on An Bang Island, about 500 kilometers (310 miles) from Vietnam's south coast, the newspaper said.

The Army newspaper called the position "particularly important" for international maritime transport and said

the lighthouse "not only has economic significance but also constitutes proof of the sovereignty of Vietnam in the Spratly archipelago."

Between October 1993 and June 1994, Vietnam built lighthouses on three islands in the Spratly, lying 500 kilometers (310 miles) from the Cam Ranh naval base, equipping the first with radar.

Vietnam controls 21 of some 700 islands, islets and coral reefs in the Spratly. Like China and Taiwan, Vietnam has proclaimed its sovereignty over the entire archipelago, believed to sit on oil deposits. The Philippines, Malaysia and Brunei have partial claims in the area.

China and the Philippines are embroiled in an escalating dispute over a small reef which both have claimed. China built structures there, angering the Philippines.

New Regulations on Currency Exchange Issued

BK2405134795 Hanoi VIETNAM INVESTMENT

REVIEW in English 8-14 May 95 p 10

[FBIS Transcribed Text] Foreign exchange bureaux, established last year, were issued new regulations in April by the State Bank of Vietnam to facilitate exchanging money to and from dong to other currencies.

The regulations only apply to exchange bureaux operated by financial institutions, such as banks; and at ports of entry.

The original Decision on Foreign Exchange Bureaux, issued in September of last year, was meant to encourage the use of the Vietnamese dong in preference to the U.S. dollar, but prohibited the exchange of dong back into other currencies.

Banking industry officials hoped that the new regulations would improve a situation that had brought many complaints from visitors. They also hoped that it would strengthen the Government's ability to handle foreign currencies.

Automakers Hope for Manufacturing Licenses

BK2505070195 Hanoi VIETNAM ECONOMIC TIMES

in English May 95 p 30

[Article by Jeremy Grant]

[FBIS Transcribed Text] It may seem like a case of putting the cart before the horse, but no fewer than seven foreign car and truck makers have applied or are applying for vehicle manufacturing licences in Vietnam.

The country's road system is in tatters after years of war damage and poor upkeep. Taxis in Hanoi and Ho Chi Minh City fight a constant battle for road space with

waves of bicycles and motorbikes. Domestic demand is still relatively slack. Annual sales of cars are only about 2,500 in a country where per capita income is only \$220.

Four foreign-invested vehicle projects that were licenced before the government had clarified its auto industry policy scrape by on modest sales of trucks and four wheel drives.

Yet U.S. "Big Three" firms Ford and Chrysler, France's Peugeot, Germany's Daimler Benz, Toyota and Suzuki of Japan, and a consortium of Indonesian and Japanese interests plan to make vans, trucks, and cars in what, if licenced, would amount to an investment of \$600 million. Ministry of Heavy Industry (MOHI) officials say some licences will be awarded before June.

Most firms will produce commercial vehicles. Daimler Benz anticipates sales of 11,000 trucks and vans by the year 2005, by which time it hopes Vietnamese will be buying 500 to 600 of its luxury Mercedes Benz saloons a year. Mercedes set up a dealership in Saigon last year and sold its first car to a Vietnamese businessman in July.

The firm plans two plants, one in the north and one in the south, with 90 percent of production being commercial vehicles. The southern plant will start operating first.

"That's where the larger market is at the moment and for the next few years to come," says Dr Sieghard Ebner, the firm's Regional Manager.

Chrysler, too, would build trucks, as well as jeeps and a version of its "Neon" sedan in a \$199 million venture at a site near Vung Tau. Ford has signed a JV [joint venture] with Song Cong Diesel for a \$102 million plant in the north at Hai Duong, near Haiphong. Suzuki is sticking to trucks, of which it plans 12,400 units a year. Toyota is to invest \$175 million in a plant producing a total of 20,000 cars, minibuses and vans a year.

France's Peugeot in March signed a \$30 million JV agreement with FORMACH, a machinery firm under the Ministry of Forestry, but has not yet applied for a licence. One MOHI source said the choice of JV partner was "not appropriate" but declined to elaborate.

The gamble the seven are taking is that by the year 2000, sufficient numbers of Vietnamese consumers will be able to afford the vehicles. They are also hoping to export. "We realise that you can't wait to enter a market until its fully developed," says Vance Peacock, Director of Vietnam Operations for Chrysler. "It's too expensive."

MOHI estimates that vehicle demand could hit about 60,000 units by the year 2000. But in order to meet this demand, foreign firms say they need to be sure that they

will not be competing against second hand imports of their own models.

Vietnam in March re-instated imports of second hand cars to help boost supply. MOHI officials say the move was temporary and the policy will be adjusted annually. "Of course, the government will eventually stop it," says Hoang Van Loan, General Director of MOHI's Planning Department.

One other concern is the rate at which parts manufacture must be localised. In November last year, Vietnam set a rate of 30 percent local parts in six to 10 years.

Very few Vietnamese parts manufacturers exist and those that do cannot produce parts of sufficient quality. Foreign firms will therefore have to work hard to persuade their parts suppliers to follow them to Vietnam, and this will clearly take time.

"Initially, there will be quite a bit of CKD (complete knock-down kit manufacture) but the long-term plan is to develop an almost 100 percent Ford Vietnam car," says Greig Craft, a Hanoi-based consultant who handles Ford's interests here.

Despite their concerns, most foreign firms agree that Vietnam's motor industry policy is far clearer than it was a year ago, when it appeared that the country was aiming for a strategic balance between two Japanese, one U.S. and one European manufacturer in addition to the four existing ventures.

Now, the feeling is that the government is more concerned about technology transfer.

"The Vietnamese government will never limit the number of foreign manufacturers in building the motor industry," says MOHI's Loan.

Justice Minister Discusses Legal Service

BK2405145195 Hanoi VIETNAM ECONOMIC TIMES in English May 95 p 12, 13

[Interview with Justice Minister Nguyen Dinh Loc by an unidentified correspondent; place, date not given]

[FBIS Transcribed Text] **As you know, there are many complaints from foreign investors about Vietnam's constantly changing legal environment. Do you agree with their complaints?**

Answering this question is not merely a matter of saying yes or no, since the nature of this problem is more complicated than it appears. Essentially, this "frequent changing" constitutes a very basic feature of the law-making process. If you look at legislation at each session of the National Assembly, you can see that besides new legal documents which are submitted for ap-

proval for the first time, there are similar amounts of documents which revive, supplement, or replace existing documents. This, however, is quite natural, as Vietnam is implementing doi moi without the guidance of precedent. What is good is that, after making amendments and additions, we see more and more profound and comprehensive doi moi renewal policies. Of course, one should not think that these amendments, supplements, and replacements were already thought out; they emanate from the process of implementation. There also has to be some degree of experimentation. Sometimes, some regulations have been found to be unsuitable, not expressing policy correctly. That's why there are complaints about Vietnam's apparently "constantly changing" legal environment. Indeed, changes are necessary. It is change that brings stability to the legal system.

But do you agree that sub laws are often not consistent with laws?

In principle, sub laws are issued to specify the provisions for implementing laws. In that sense, it can not be said that sub laws are not consistent with laws. In Vietnam, the requirement that they are consistent with laws is of great importance because most of our laws are general laws. People expect laws to be concretised to the maximum degree. Laws, they say, should take effect the moment they are passed, without waiting for other, relevant documents. In the case of sub law that don't mesh with the laws that they are supposed to mesh with, this does happen sometimes. In this case we should have appropriate solutions: changing or amending the sub laws and making them mesh with the law. We haven't quite got there yet. I think that we must be determined to do so, to make amendments.

What concrete measures will you take this year to smooth the drafting and implementing of foreign investment laws?

Reforming investment procedures and enhancing the attractiveness and stability of the investment environment are consistent government policies. Recently, the government passed regulations on the establishment, evaluation and implementation of direct foreign investment projects and a decree on industrial zones. I think these documents were welcomed by foreign investors. The Ministry of Justice is helping to draft a government decree on the status of foreign lawyers and how they will be allowed to practice and an ordinance on the implementation of international arbitration. The Ministry has also proposed that Vietnam join the 1958 New York Convention. At the suggestion of the Ministry, the government has passed a decree on economic arbitration, in accordance with international practices. These all aim to create the requisite investment environment.

Draft regulations on the role and status of foreign law firms have been circulating for two years. Why has it taken so long to finalise them?

In 1993, the Ministry of Justice was assigned by the government to develop this project. In 1994, an international conference relating to a proposed decree looking at foreign law practices in Vietnam was held in Hanoi. However, allowing foreign lawyers to practice law in Vietnam is not a simple issue. This issue was solved in Japan — although not very clearly — after 32 years, not only through discussion and compromise but also diplomatic channels.

What do you mean by "judicial sovereignty" when discussing the role of foreign lawyers in Vietnam?

We have to be clear what this means in order to avoid misunderstanding. All acts that violate Vietnamese laws or Vietnamese territory, done by any organisations or individuals — including foreign ones excluding cases where there is diplomatic immunity — and all disputes that take place on Vietnamese territory shall be judged by Vietnamese authorities in accordance with Vietnamese laws. We apply this principle to foreign lawyers who are practicing in Vietnam as well. Moreover, foreign law firms may practice only when they are allowed and the must operate within Vietnamese laws, in compliance with Vietnam's national sovereignty. On the other hand, they practice law in order to make money, and from our viewpoint, to create a trustworthy legal environment for foreign investors. This is something we badly need at the moment. Of course, one matter to be considered here is the legitimate interests of Vietnamese lawyers, who we are supposed to protect. The spirit of the provisions in this draft decree is to create favourable conditions for domestic lawyers. Furthermore, foreign lawyers are not allowed to practice consultancy on Vietnamese laws or to get involved in legal proceedings before Vietnam's courts. If there are any problems concerning Vietnamese laws they must sign co-operation contracts with Vietnamese legal consultancies so as to provide consultancy services for their clients. The aim of this stipulation is to give Vietnamese lawyers a legitimate advantage. However, it has to be said that it is common for law firms of one country to be allowed to operate in many other countries.

Foreign law firms are coming under criticism. How should foreign law firms operate here, in your opinion?

We consider what they do as a factor for ensuring a favourable and trustworthy legal environment for foreign investors. Foreign investors in Vietnam all have, as a matter of fact, a need for legal consultancy on both Vietnamese and international laws. This is new in

Vietnam. It is our responsibility to create favourable conditions for them to operate. While we are busy drafting new regulations, foreign investors are still coming in — together with them are law firms. Law firms still operate through the vehicle of representative offices, licensed by the Minister of Trade. Rep offices are not allowed to make profits. However, they have carried out not a few profitable business activities. Representative offices of foreign law companies number more than 40 in Vietnam. Unfortunately, inspection and state management of their representative offices are not up to scratch yet. Many of them have not paid turnover and income taxes. However, I understand that the majority of foreign law firms want to see detailed regulations on the practice of their profession.

So what measures are you planning in regard to the status of foreign law firms?

Faced with a situation where the number of rep offices of foreign law firms is increasing fast and that their operations are out of our control, the government issued a decree on January 28 halting the granting of licenses to foreign lawyers in order to re-adjust the operation of these companies. This directive is a temporary measure and will be superseded by a decree on the status of foreign lawyers. In accordance with this decree, foreign law firms will be allowed to open branches in Vietnam. The Ministry of Justice, together with the government and the Ministry of Trade and others, is looking at this issue.

Government's Administrative Reforms Reviewed

*BK2505132995 Hanoi Voice of Vietnam in English
1000 GMT 25 May 95*

[FBIS Transcribed Text] The Vietnamese Government has promulgated a program on administrative reform for May and June. The program focuses on administrative institutional reforms in the fields of import and export, business establishment and registration, legislation, law on land, urban management, traffic safety, the fight against waste, and the practice of thrift. In June, agencies and offices concerned will complete report and fees and charges to be submitted to the government for approval.

The restructuring of the state administration is an important undertaking. The Customs office will merge with the Ministry of Finance, and becomes the General Department of Tax and Customs. The Vietnam Youth

Committee will come under the management of the First Secretary of the Ho Chi Minh Communist Youth Union. The Committee for Overseas Vietnamese will merge with the Ministry for Foreign Affairs. The government also decided to change the name of some mass media organizations: Radio Voice of Vietnam now changes into the Vietnam Broadcasting Corporation, and Vietnam Television into Vietnam Television Corporation.

Another objective of the administrative reforms is building up the capacity of administrative staff. The government will approve the statute of public affairs, and complete the ordinance on public servants to submit them to the National Assembly Standing Committee. The government also ratifies training programs for medium and high level staff.

Internet, Ho Chi Minh City Net Link Planned

*BK2405112695 Hanoi VIETNAM INVESTMENT
REVIEW in English 8-14 May 95 p 5*

[FBIS Transcribed Text] Ho Chi Minh City hopes to be the first point in Vietnam to hook up a wide band connection to the Internet — the international computer information network, TUOI TRE Newspaper reported last week.

The Centre for Scientific and Technological Information (CESTI) is receiving assistance from overseas experts in the development of Ho Chi Minh City Net. This network differs from the two previously established links in Vietnam — Varnet and Netnam — which currently only offer e-mail services

Representatives from European computer technology company Nordic Technology Solutions (NTS) and He H International group of Ireland have been providing advice and equipment for the venture. NTS provided training in operating the network.

Developers claim that the Ho Chi Minh City Net will be the first computer information network in Vietnam to be linked with Internet not only through e-mail, but also providing access to Internet database and other services for research and the exchange of information.

"The group will try to help link the CESTI based Ho Chi Minh City Net with Internet on a trial basis before April 30, 1995 through Singapore," said NTS chairman of the board of directors Fridrik Sigurdsson.

Australia

Tokyo Reportedly Bugged Australian Embassy

OW2505095895 Tokyo KYODO in English
0925 GMT 25 May 95

[FBIS Transcribed Text] Sydney, May 25 KYODO — At least nine Australian diplomatic missions abroad have been penetrated by espionage operations, including a high-tech operation mounted by the Japanese against the Australian Embassy in Jakarta, according to a report in THE SYDNEY MORNING HERALD Thursday [25 May].

According to the newspaper, an official of the Department of Foreign Affairs and Trade earlier this month led a group of Australian heads of mission from East Asia through a demonstration of eavesdropping devices found in Australian Embassies and official residences.

The demonstration was part of a campaign to crack down on lax security, the paper said.

The display reportedly included a video recording of a Japanese eavesdropping operation against the Australian Embassy in Jakarta before Australian diplomats moved to a new building in late 1993.

"Australian counterespionage experts discovered that someone in the Japanese Embassy in Jakarta was directing an infrared beam onto a window of the Australian Embassy 600 metres away," the newspaper said.

"The purpose of the beam was to detect the slight vibrations of the windowpane from noise and conversations inside the room. The beam reflected from the glass could be used to transmit the vibrations back to sensitive processors and filters which could produce a clear reproduction of the conversations."

Listening devices or evidence of espionage was reportedly also found in embassies or residences in Beijing, Moscow, Ankara, Brasilia, Belgrade, Hanoi, Yangon [Rangoon] and Warsaw.

A spokesman for the Department of Foreign Affairs said Thursday he did not wish to comment on the article.

Tokyo Denies Bugging

OW2505113495 Tokyo KYODO in English
1045 GMT 25 May 95

[FBIS Transcribed Text] Tokyo, May 25 KYODO — A report in an Australian daily that the Japanese Embassy in Jakarta has used listening devices to gather information from the Australian Embassy is "absurd," a Foreign Ministry official said Thursday [25 May].

The comment came from an official at the Oceania Division of the Ministry's European and Oceanic Affairs Bureau.

Ministry officials said that in response to inquiries from the Japanese Government, Australia's Foreign Ministry has said the original report of the alleged bugging, which appeared in THE SYDNEY MORNING HERALD, contained many errors.

The officials said the Japanese Embassy in Australia is protesting over the report to the newspaper.

The report came as Australian Prime Minister Paul Keating is in Tokyo for talks with Japanese political and business leaders. The Australian daily said in its Thursday editions that at least nine Australian diplomatic missions abroad have been penetrated by espionage operations, including a high-tech operation mounted by the Japanese against the Australian Embassy in Jakarta.

According to the newspaper, an official of the Department of Foreign Affairs and Trade earlier this month led a group of Australian heads of mission from East Asia through a demonstration of eavesdropping devices found in Australian Embassies and official residences.

The demonstration was part of a campaign to crack down on lax security, the paper said.

Spokesmen on Espionage Reports

BK2505071295 Melbourne Radio Australia
in English 0500 GMT 25 May 95

[FBIS Transcribed Text] A spokesman for the prime minister, Paul Keating, has refused to confirm or deny reports that at least nine Australian diplomatic missions have been penetrated by espionage operations.

Several heads of Australian missions gathered in Canberra earlier this month to discuss reports that eavesdropping and monitoring devices had been found in Australian embassies and official residences. It is alleged that included a Japanese operation against the Australian Embassy in Jakarta. Bill Morrison, who was Australia's ambassador to Jakarta between 1985 and 1988 says such activities are taken for granted. However, a spokesman for the Japanese Embassy in Canberra, Niako Amaki, has strongly denied that his country has been involved in any espionage activities against.

At the same time, the federal opposition's foreign affairs spokesman, Alexander Downer, says reports that Australia's overseas embassies are being spied on, are of great concern. Mr. Downer said if the reports are correct, then there is obviously a threat to the independence and security of Australia's overseas interests.

Former Envoy 'Not Surprised'

*BK2505025295 Melbourne Radio Australia
in English 0100 GMT 25 May 95*

[FBIS Transcribed Text] Former Australian Ambassador Bill Morrison says he is not surprised by a report that at least nine Australian diplomatic missions have been penetrated by espionage operations. Earlier this month, several heads of Australian missions gathered in Canberra to discuss reports that eavesdropping and monitoring devices had been found in Australian embassies and official residences.

It is alleged this included a Japanese operation against the Australian Embassy in Jakarta. Bill Morrison, who was Australia's ambassador to Jakarta between 1985 and 1988 and was also stationed in the former Soviet Union, says such activities are taken for granted. He says it is always assumed that someone could be listening and he doubts that Australian security would have been breached.

[Begin recording] [Morrison] Presumably this is just a sound pick up. If it was only a sound pick up the sort of conversations one has would not be delving into any great secrets, for instance, on cryptography on how one transmits messages. It would not seem that that sort of thing was compromised and that it, of course, is the important area. [end recording]

Indonesia's Habibie Begins Official Visit

*BK2105121695 Melbourne Radio Australia
in English 1100 GMT 21 May 95*

[FBIS Transcribed Text] One of the most influential members of the Indonesian Government, Research and Technology Minister B.J. Habibie, is beginning a 10-day stay in Australia. He will visit Canberra, Sydney, Melbourne, Perth, and Adelaide as well as hold talks with Prime Minister Paul Keating and a number of other key federal ministers.

While in Australia, Dr. Habibie is expected to look at possible cooperation in a range of areas such as energy, biotechnology, environmental management, communications, aviation, and shipping.

Antinuclear Protestors in French Mission Ejected

*BK2205084495 Hong Kong AFP in English
0722 GMT 22 May 95*

[FBIS Transcribed Text] SYDNEY, May 22 (AFP) — Security guards had to eject demonstrators from the French consulate here Monday following a lunchtime protest about a possible resumption of nuclear testing in the Pacific, protest organisers said.

A spokesman for the group, the Sydney Peace Squadron, said its members were able to occupy the consulate for half an hour before most were ejected. No arrests were reported.

A dozen remaining protesters left after the deputy consul-general agreed to meet a delegate, who reiterated the group's opposition to nuclear testing and said members would resume their protests against the arrival of French warships in Sydney unless there was a decision not to resume testing.

No consular official was available for comment.

In a speech to the armed forces new French President Jacques Chirac said on May 17, the day he took power, that he would keep France's nuclear capability up to date.

A moratorium on testing in the Pacific was ordered by former President Francois Mitterand.

Protest Filed on PRC Venue for NGO Forum

*BK2405032595 Melbourne Radio Australia
in English 0500 GMT 24 May 95*

[FBIS Transcribed Text] Australia has protested to China over plans to hold the international conference of nongovernment women's organizations more than 50 kilometers outside the Chinese capital of Beijing. The NGO [Nongovernment Organization] forum is meant to run aside the United Nations-sponsored World Conference on Women in Beijing.

Ali Moore reports senior Australian Embassy officials in Beijing have passed on Australia's concern to China's Foreign Ministry.

[Begin Moore recording] Originally, the NGO's forum and the women's conference were to be held at nearby sites in central Beijing. However, Chinese authorities have announced that due to unspecified structural problems of one of the venues, the NGO forum will now be held an hour's drive outside the capital. Human rights groups say the Chinese are clearly worried about demonstrations and want the nongovernmental groups well isolated.

Australian Embassy officials told the Chinese Australia was worried the distance between the locations of the two conferences will restrict communications. Canada and New Zealand have made similar representation. [end recording]

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